

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Monroe County	County Monroe
Fiscal Year End December 31, 2006	Opinion Date May 30, 2007	Date Audit Report Submitted to State June 8, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

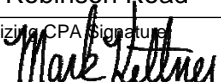
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe) (SINGLE AUDIT)	<input checked="" type="checkbox"/>			
Certified Public Accountant (Firm Name) REHMANN ROBSON		Telephone Number 517-787-6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name Mark T. Kettner, CPA, CGFM		License Number 11673



COUNTY OF MONROE,
MICHIGAN

Comprehensive Annual Financial Report

For Year Ended
December 31, 2006

Prepared By:
Monroe County Finance Department

COUNTY OF MONROE, MICHIGAN



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED
DECEMBER 31, 2006

PREPARED BY:

MONROE COUNTY FINANCE DEPARTMENT
125 EAST SECOND STREET • MONROE, MICHIGAN 48161
TELEPHONE: 734.240.7250 • FAX: 734.240.7266
TOLL FREE: 1.888.354.550 EXT. 7250

CHARLES A. LONDO
MONROE COUNTY ADMINISTRATOR / CHIEF FINANCIAL OFFICER

CAROLYN F. CRON
MONROE COUNTY FINANCE DIRECTOR

SUSAN MAIER
MONROE COUNTY ASSISTANT FINANCE DIRECTOR

TABLE OF CONTENTS

COUNTY OF MONROE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2006

INTRODUCTORY SECTION	<u>EXHIBIT</u>	<u>PAGE</u>
Letter of Transmittal		1
GFOA Certificate of Achievement		8
Organizational Chart		9
List of Principal Officials		10
 FINANCIAL SECTION		
Independent Auditors' Report		11
Management's Discussion and Analysis		13
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A	25
Statement of Activities	B	26
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C-1	28
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	C-2	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	C-3	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	31
Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
General Fund	D-1	32
County Health Special Revenue Fund	D-2	33
Revenue Sharing Reserve Special Revenue Fund	D-3	34
Senior Citizen Special Revenue Fund	D-4	35
Federal Prisoner Housing Special Revenue Fund	D-5	36
Statement of Net Assets - Proprietary Funds	E-1	37
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	E-2	38
Statement of Cash Flows - Proprietary Funds	E-3	39
Statement of Fiduciary Net Assets - Fiduciary Funds	F-1	41
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	F-2	42
Component Unit Financial Statements:		
Combining Statement of Net Assets	G-1	43
Combining Statement of Activities	G-2	44

	<u>EXHIBIT</u>	<u>PAGE</u>
Notes to Basic Financial Statements		
Note A - Summary of Significant Accounting Policies		45
Note B - Budgets and Budgetary Accounting		54
Note C - Excess of Expenditures Over Appropriations		54
Note D - Deposits and Investments		55
Note E - Receivables		65
Note F - Interfund Receivables, Payables, and Transfers		66
Note G - Capital Assets		68
Note H - Long-Term Debt		72
Note I - Pension Plan		78
Note J - Post Employment Benefits		80
Note K - Risk Management		85
Note L - Restatements		89
Note M - Contingent Liabilities		89
Note N - Property Taxes		90
Note O - Subsequent Events		91
Required Supplementary Information:		
Employees' Retirement System:		
Schedule of Funding Progress and Employer Contributions	H-1	93
Retiree Health Plan:		
Schedule of Funding Progress and Employer Contributions	H-2	94
<u>SUPPLEMENTARY INFORMATION</u>		
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Schedule of Revenue and Other Sources - By Source - Budget and Actual	I-1	95
Schedule of Expenditures and Other Uses - By Activity - Budget and Actual	I-2	99
County Health Special Revenue Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	J	112
Federal Prisoner Housing Special Revenue Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	K	113
Nonmajor Governmental Funds:		
Combining Balance Sheet	L-1	115
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	L-2	116
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	M-1	117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	M-2	120
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	M-3	123
Nonmajor Enterprise Funds:		
Combining Statement of Net Assets	N-1	141
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N-2	142
Combining Statement of Cash Flows	N-3	143
Internal Service Funds:		
Combining Statement of Net Assets	O-1	145
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	O-2	146
Combining Statement of Cash Flows	O-3	147

SUPPLEMENTARY INFORMATION (continued)**EXHIBIT****PAGE**

Fiduciary Funds:

Combining Statement of Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	P-1	149
Combining Statement of Changes in Plan Net Assets - Pension and Other Employee Benefit Trust Funds	P-2	150
Combining Statement of Assets and Liabilities - All Agency Funds	P-3	151
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	P-4	152

Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedule By Source	Q-1	155
Schedule By Function and Activity	Q-2	156
Schedule of Changes By Function and Activity	Q-3	157

Drain Commission Component Unit:

Statement of Net Assets/Balance Sheet-Governmental Funds	R-1	159
Statement of Activities/Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	R-2	160

STATISTICAL SECTION**Schedule**

Net Assets by Component	1	161
Changes in Net Assets	2	162
Fund Balances - Governmental Funds	3	164
Changes in Fund Balances - Governmental Funds	4	165
Assessed and Estimated True Cash Value of Taxable Property	5	166
Direct and Overlapping Property Tax Rates	6	167
Principal Property Tax Payers	7	168
Property Tax Levies and Collections	8	169
Ratios of Outstanding Debt by Type	9	170
Computation of Net Direct and Overlapping Debt	10	171
Legal Debt Margin	11	172
Demographic and Economic Statistics	12	173
Principal Employers	13	174
Full-Time County Primary Government Employees by Function/Program	14	175
Operating Indicators by Function/Program	15	176
Capital Asset Statistics by Function/Program	16	177

INTRODUCTORY SECTION



CHARLES A. LONDO

ADMINISTRATOR/CHIEF FINANCIAL OFFICER

MONROE COUNTY, MICHIGAN

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Telephone: (734) 240-7046 · Fax: (734) 240-7266

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May 30, 2007

To the Citizens of the
County of Monroe, Michigan:

The Comprehensive Annual Financial Report of the County of Monroe, Michigan, for the year ended December 31, 2006, is submitted herewith. The County of Monroe Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

The Michigan Uniform Accounting and Budgeting Act requires that every general-purpose government publish, within six months of the close of the fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2006.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical.

The introductory section includes this transmittal letter, the County's organizational chart and a list of principal officials. The financial section includes management's discussion and analysis, the basic financial statements, fund financial statements, notes to the financial statements, and required supplementary information as well as the auditors' report on the financial statements. The statistical section includes at a minimum the required Government Finance Officers Association (GFOA) financial and demographic information, generally presented on a multi-year basis.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that the

disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

Rehmann Robson, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Monroe's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The County is required to undergo an annual single audit in conformance with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The results of the County's single audit for the year ended December 31, 2006, are contained in a separately issued single audit report.

PROFILE OF THE COUNTY AND IT'S SERVICES

The County of Monroe, organized in 1811, is located in the southeast corner of Michigan's Lower Peninsula, approximately 20 miles southeast of Detroit. The estimated population in 2006 was 155,000. Its major population areas include the City of Monroe, Village of Dundee and Bedford Township. The County seat is located in the City of Monroe. The County of Monroe is empowered to levy a property tax, the primary source of funding, on both real and personal property located within its boundaries. The governmental structure of the County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body, and its administrative body for many functions, is the County Board of Commissioners. The Board consists of nine commissioners elected by direct vote from single-member districts every two years. In addition to the Board of Commissioners, there are numerous elected officials serving the County in judicial, administrative, or staff officer roles. An organization chart depicting the County structure is shown on the page following this letter. The County of Monroe provides many services to County residents including those in the following areas of interest: public safety and justice, emergency preparedness and response, planning and environment, housing and homelessness, health, children's well-being, civic infrastructure, and support services. The County also supports cultural and recreational services such as the MSU Cooperative Extension, Library System, Historical Museums, and Parks and Recreation.

The Monroe County Building Authority functions for all practical purposes as a department of the County and is presented as a blended component unit. The County is also financially responsible for five legally separate component units. The Monroe County Road Commission, Community Mental Health Authority, Monroe County Library System, Monroe County Drain Commission, and County Agency Department are presented as discrete

component units in the financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

FINANCIAL MANAGEMENT AND CONTROL

The Board of Commissioners has the primary responsibility for establishing financial management policy for the County. The State of Michigan Constitution divides the administration duties of the County among various elected officials and the County Administrator/Chief Financial Officer. The general administration of all non-elected departments and agencies fall under the County Administrator/Chief Financial Officer.

The Board of Commissioners is committed to ensuring the long-term fiscal stability of the County. The County has operated very deliberately over the past several years, making sound financial decisions to keep from having to react to a crisis situation. However, the 2006 and 2007 budgets included the use of the extra property tax revenue realized from the shift from a December to July tax levy as a means to stabilize the organization. The greater challenge will be in 2008 when the tax shift has been completed.

Unreserved, undesignated fund balance in the general fund for 2006 falls within financial policy guidelines set by the Board of Commissioners for budgetary and planning purposes. The Board has continued its commitment to plan future budgets to meet the goal of a reserve for subsequent years representing one-twelfth of the annual general fund operating budget. Relevant financial policy guidelines that affected current year operations include budget guidelines, and purchasing and investment policies.

Management of the County is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that financial statements are in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The County has established a Finance Department that is responsible for the administration of the county-wide general ledger activities and financial reporting. The Finance Department works in conjunction with various departments to maintain an up to date and accurate financial reporting system.

An independent audit of the County's Comprehensive Annual Financial Report is completed annually.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues meeting its responsibility for sound financial management.

Relevant Financial Issues

In October 2004, the State legislature passed legislation that shifted the timing of property tax payments to create a revenue stream that, for the next several years will offset the reduction in state revenue sharing. The measure gradually moves up property tax collections from the winter to the summer over three years, beginning July, 2005. Counties annually transfer from this pool the exact amount of funding that would have been available through state revenue sharing. Each year the State publishes the allowable spending amount that can be transferred from the revenue sharing reserve fund. The allowable spending amount is calculated using the growth in the U.S. Consumer Price Index from the State's 2004 and 2005 fiscal years. The inflation rate used for fiscal year 2006 was 3.3%.

Budgeting Control

The County maintains budgetary control with the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the general and special revenue funds are included in the annual appropriation budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within an individual fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at December 31, 2006, do not lapse, but are set aside within the fund balance and brought forward to the new fiscal year.

Single Audit

As a recipient of federal financial assistance, the County is responsible for ensuring that sufficient internal control is in place to achieve compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and the independent auditors of the County.

As part of the County's single audit, tests are made to determine the adequacy of the internal control, including that portion related to federal financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. Information related to this single audit, including the schedule of expenditures of federal awards, a schedule of findings and questioned costs, and independent auditor's reports on internal control and compliance, are included in a separately issued single audit report.

ECONOMIC CONDITION AND OUTLOOK

Monroe County had an overall unemployment rate in 2006 of 6.5 percent, lower than the State of Michigan at 6.9 percent and compared to 4.6 percent for the nation. A trend of generally declining unemployment in the County had been observed since the early '80s, when double-digit rates were prevalent. Unemployment rates slightly higher than those seen in previous years began to emerge in the early months of 2001, reflecting a nationwide economic downturn. While the nation's unemployment rates have started to drop once again, the unemployment rate remains high for Monroe County and the State of Michigan as a whole. Following is a summary of some recent developmental activity in the County.

Building Activities

Local governments administer building permits. The Monroe County Planning Department, using building permit data, continuously compiles countywide records of building activities. These figures can be viewed as an indicator of economic health. The number of new residential living units had remained fairly steady in the 1990's, generally ranging in the mid 700s. For 2006, residential development totaled 586 living units.

The value of new commercial units in 2006 was \$18,193,174 for 33 building permits. The number of new industrial units has fallen in recent years, averaging 6 permits annually from 1999 to 2006. This is quite different from the 90's where the County averaged 16 permits annually, with highs of 28 and 24 permits in 1995 and 1997, respectively. In 2006, 8 permits were issued for a value of \$3,377,000.

Industrial

Monroe County's location in the Detroit, Michigan-Toledo, Ohio industrial area, its access to transportation and locally generated electrical power, and a strong labor force, offer unique advantages in bringing in new industry. The Monroe County Industrial Development Corporation (MCIDC) is on the job, seeking to bring in new industry, and to retain and encourage expansion of existing companies. The MCIDC catalogs numerous industrial sites throughout the County, which can be marketed to companies seeking to locate or expand here. The County has several industrial parks and other sites appropriate for industrial development. Bedford Township and Frenchtown Charter Township have Class A certified parks. The City of Monroe has brought a number of industries into its industrial park in recent years, and the Village of Dundee has been particularly aggressive in bringing in new industry to its growing industrial park.

The MCIDC summary of economic development for 2006 showed an investment of \$228,291,976 by 9 companies.

Commercial/Retail

In 2006, Monroe Bank and Trust opened its new 4-story headquarters building in downtown Monroe at the corner of Front and Washington Streets, across the street from its former main office

Plans for a new Wal-Mart SuperCenter to be located in Frenchtown Township are moving forward. The new store will be located on North Telegraph Road north of Mall Road, across from the present Wal-Mart store. It will offer the traditional wares found at smaller Wal-Mart stores, as well as a full-line grocery store.

Cabela's of Sydney, Nebraska, the World's Foremost Outfitter, continues to draw new development to the environs around its U.S. 23/M-50 location in Dundee. Twenty-seven new commercial developments in the Village of Dundee between 2000 and 2006 accounted for \$47.5 million. This rapid development has prompted the Village of Dundee to initiate a number of major infrastructure improvements.

The Monroe County Chamber of Commerce, the City of Monroe, the Downtown Development Authority (DDA), and the Downtown Business Network all work together to improve the Monroe downtown area. Efforts have included a Retail Market Analysis for the downtown, an ongoing streetscape project, grant programs to assist property owners with improvements, and various promotional activities.

Residential

New single-family housing construction is a significant barometer of economic prosperity. In 2006, single-family home permits in Monroe County declined from last year's total of 763 units, to 540 permits. These new housing starts amounted to more than \$93 million. Permits were issued for 46 units within multiple-family structures, and the dollar value for all residential construction reached over \$96 million. Almost 50% of those permits were issued in the Monroe and Bedford areas.

The County's communities in 2006 also issued 2,339 permits totaling \$37.3 million for alterations, additions, and accessory buildings, of which 2,147 permits for \$20.6 million made improvements to the existing housing stock. The County also has an approved Strategic Housing Plan and a Housing Commission, which, in conjunction with the Monroe County Opportunity Program, oversees implementation of the Plan, and administers local housing programs.

MAJOR INITIATIVES

As the County plans for the future, many new initiatives are being undertaken. The County is investing in technology improvements, including continuing upgrades to computer systems and software, and also continuing to upgrade

web page design and applications. Another initiative includes improved security of the Courthouse. The County Board of Commissioners also appropriated \$780,250 for the County Self-Help Road and Bridge Program, a partnership with the Monroe County Road Commission and local communities for infrastructure needs.

In addition, the County is nearing final completion of a new public safety radio communications system for all county first responders. The \$9 million project includes equipment and infrastructure. Also, a new 911-Emergency operations center is scheduled for completion in 2007 that will house the county-wide emergency dispatch center and the county emergency management division. The \$3.5 million project is now in the construction phase.

OTHER INFORMATION

Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Monroe, Michigan, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. This was the sixth consecutive year, and tenth out of the past eleven years, that the County has achieved this prestigious award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Appreciation is extended to the Board of Commissioners and the various employees throughout the County responsible for financial management and reporting. In particular, I would like to acknowledge the special efforts of the Finance Department employees, primarily Carolyn Cron, Finance Director and Susan Maier, Assistant Finance Director, who participated directly and indirectly in the development of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Charles A. Londo". The signature is fluid and cursive, with the first name "Charles" being more prominent.

Charles A. Londo, CGFM
Administrator/Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Monroe
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Thomas J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**Monroe County Board of Commissioners
at December 31, 2006**

Jerry Oley, Chairman
District 6

James Goebel, Vice-Chairman
District 8

Members

Henry Lievens
District 1

Dale W. Zorn
District 2

James Vaslo
District 3

Floreine M. Mentel
District 4

William Sisk
District 5

N. Randy Ansel
District 7

David R. Scott
District 9

Circuit, Probate and First District Court Judges

Circuit Court

Hon. Michael W. LaBeau
Hon. Joseph A. Costello
Hon. Michael A. Weipert

District Court

Hon. Terrence Bronson
Hon. Mark S. Braunlich
Hon. Jack Vitale

Probate Court

Hon. Pamela A. Moska
Hon. John A. Hohman, Jr.

Other Elected Officials

Geraldine Allen
County Clerk/Register

Kay Sisung
County Treasurer

William P. Nichols
Prosecuting Attorney

Tilman Crutchfield
Sheriff

Daniel W. Stefanski
Drain Commissioner

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

May 30, 2007

To the Board of Commissioners
of Monroe County
Monroe, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **COUNTY OF MONROE, MICHIGAN**, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Monroe's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency that collectively represent 88.7% of the assets and 96.7% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Monroe County Road Commission and Monroe County Library System were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Monroe, Michigan**, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2007, on our consideration of the **County of Monroe, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 13-23, historical pension information on page 93 and historical other postemployment benefits information on page 94 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Monroe's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based upon our audit and the reports of other auditors, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

**MANAGEMENT'S
DISCUSSION
AND ANALYSIS**

Management's Discussion and Analysis

As management of the County of Monroe, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the accompanying basic financial statements.

Financial Highlights

- The assets of the County of Monroe primary government exceeded its liabilities at the close of the most recent fiscal year by \$79,068,302 (*net assets*). Of this amount, \$46,716,297 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$12,123,763. This increase was largely due to growth in property tax revenue related to the accelerated tax levy established to fund the reduction in state shared revenues, increased investment earnings and an increase in operating grants and contributions.
- As of the close of the current fiscal year, the County of Monroe's governmental funds reported combined ending fund balances of \$44,175,770, an increase of \$7,758,841 in comparison with the prior year. Approximately 92 percent of this total amount, \$40,592,745, is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$9,067,005 or 18.6 percent of total general fund expenditures and transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Monroe's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County of Monroe's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County of Monroe's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County of Monroe is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County of Monroe that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). *Governmental activities* include general government, public safety, public works, health and welfare, community and economic development, and recreation and culture. *Business-type activities* include delinquent tax collections, equipment rental, a revolving loan program, imaging services, engineering and operation of an inmate commissary.

The County also includes legally separate entities (component units) for which the County is financially accountable. The *component units* include the Monroe County Road Commission, Monroe County Community Mental Health Authority, the Monroe County Library System, the Monroe County Drain Commission, and the Monroe County Drain Commissioner County Agency. Financial information for these component units is reported separately from the financial information presented for the primary government. The Monroe County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government as a blended component unit in the County's governmental activities.

Fund Financial Statements. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Monroe, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Monroe can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

The County of Monroe maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, county health fund, revenue sharing reserve fund, federal prisoner housing fund, and senior citizen fund, each of which is considered to be a major fund. Data for the remaining governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds. The County maintains two different types of proprietary funds: enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax, equipment rental, imaging services, engineering, inmate commissary and revolving loan operations. *Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The various support services that are accounted for using internal service funds include phone, self-insurance, and office equipment replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only with more detail. The proprietary funds financial statements provide separate information for the delinquent tax revolving fund, which is considered to be a major fund. Data for the remaining enterprise funds is combined into a single aggregated presentation. All internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds is provided in combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County of Monroe's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

The government-wide financial analysis focuses on the net assets and changes in net assets of the governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$79,068,302 at December 31, 2006.

MONROE COUNTY NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and other assets	\$ 56,911,797	\$ 55,778,853	\$ 8,607,907	\$ 8,457,111	\$ 65,519,704	\$ 64,235,964
Capital assets, net	<u>30,222,239</u>	<u>30,056,075</u>	<u>24,148</u>	<u>31,393</u>	<u>30,246,387</u>	<u>30,087,468</u>
Total assets	<u>87,134,036</u>	<u>85,834,928</u>	<u>8,632,055</u>	<u>8,488,504</u>	<u>95,766,091</u>	<u>94,323,432</u>
Liabilities						
Long-term liabilities	8,539,457	10,752,968	-	-	8,539,457	10,752,968
Other liabilities	<u>8,129,679</u>	<u>16,600,720</u>	<u>28,653</u>	<u>25,205</u>	<u>8,158,332</u>	<u>16,625,925</u>
Total liabilities	<u>16,669,136</u>	<u>27,353,688</u>	<u>28,653</u>	<u>25,205</u>	<u>16,697,789</u>	<u>27,378,893</u>
Net assets						
Invested in capital assets, net of related debt	24,232,587	20,609,332	24,148	31,393	24,256,735	20,640,725
Restricted	8,095,270	5,157,304	-	-	8,095,270	5,157,304
Unrestricted	<u>38,137,043</u>	<u>32,714,604</u>	<u>8,579,254</u>	<u>8,431,906</u>	<u>46,716,297</u>	<u>41,146,510</u>
Total net assets	<u>\$ 70,464,900</u>	<u>\$ 58,481,240</u>	<u>\$ 8,603,402</u>	<u>\$ 8,463,299</u>	<u>\$ 79,068,302</u>	<u>\$ 66,944,539</u>

The largest portion of the County's net assets, \$46,716,297 (59 percent), represents *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.

An additional portion of the County's net assets, \$24,256,735 (31 percent), reflects its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$8,095,270 (10 percent) represents resources that are subject to external restrictions on how they may be used.

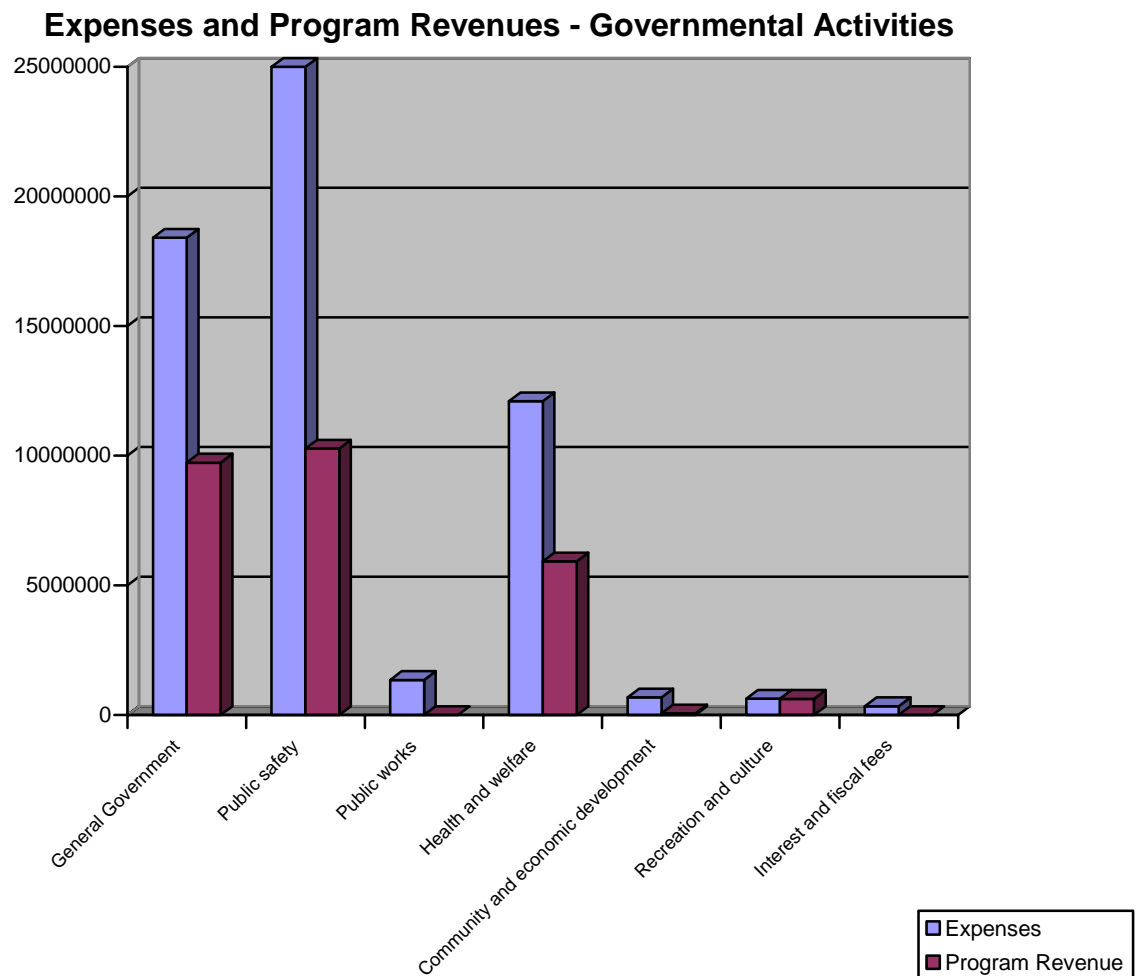
At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the primary government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

MONROE COUNTY CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenues:						
Charges for services	\$ 10,051,079	\$ 10,183,433	\$ 2,348,167	\$ 1,918,707	\$ 12,399,246	\$ 12,102,140
Operating grants and contributions	16,465,868	14,982,978	-	-	16,465,868	14,982,978
Capital grants and contributions	96,320	-	-	-	96,320	-
General revenues:						
Property taxes	41,085,203	38,059,005	-	-	41,085,203	38,059,005
Grants and contributions not restricted to specific programs	2,875,071	3,267,087	-	-	2,875,071	3,367,087
Unrestricted interest and other revenue	2,212,567	1,077,198	56,841	40,945	2,269,408	1,118,143
Total revenues	<u>72,786,108</u>	<u>67,669,701</u>	<u>2,405,008</u>	<u>1,959,652</u>	<u>75,191,116</u>	<u>69,629,353</u>
Expenses						
General government	18,404,915	18,748,573	-	-	18,404,915	18,692,546
Public safety	28,641,779	27,191,465	-	-	28,641,779	27,191,465
Public works	1,346,748	1,121,479	-	-	1,346,748	1,076,479
Health and welfare	12,096,024	12,102,039	-	-	12,096,024	11,104,236
Community and economic development	679,131	721,829	-	-	679,131	721,829
Recreation and culture	626,794	593,013	-	-	626,794	593,013
Interest on long-term debt	337,307	435,690	-	-	337,307	435,690
Delinquent tax revolving	-	-	182,571	102,933	182,571	102,933
Equipment rental	-	-	208,652	227,823	208,652	227,823
Imaging services	-	-	155,215	161,890	155,215	161,890
Engineering	-	-	112,874	99,067	112,874	99,067
Inmate commissary	-	-	22,500	38,791	22,500	38,791
Revolving loan	-	-	252,843	11,086	252,843	11,086
Total expenses	<u>62,132,698</u>	<u>60,914,088</u>	<u>934,655</u>	<u>641,590</u>	<u>63,067,353</u>	<u>61,555,678</u>
Change in net assets before transfers	10,653,410	6,755,613	1,470,353	1,318,064	12,123,763	8,073,677
Transfers	<u>1,330,250</u>	<u>1,145,000</u>	<u>(1,330,250)</u>	<u>(1,145,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	11,983,660	7,900,613	140,103	173,062	12,123,763	8,073,675
Net assets, beginning of year, as restated	<u>58,481,240</u>	<u>50,580,627</u>	<u>8,463,299</u>	<u>8,290,237</u>	<u>66,944,539</u>	<u>58,845,864</u>
Net assets, end of year	<u><u>\$ 70,464,900</u></u>	<u><u>\$ 58,481,240</u></u>	<u><u>\$ 8,603,402</u></u>	<u><u>\$ 8,463,299</u></u>	<u><u>\$ 79,068,302</u></u>	<u><u>\$ 66,919,539</u></u>

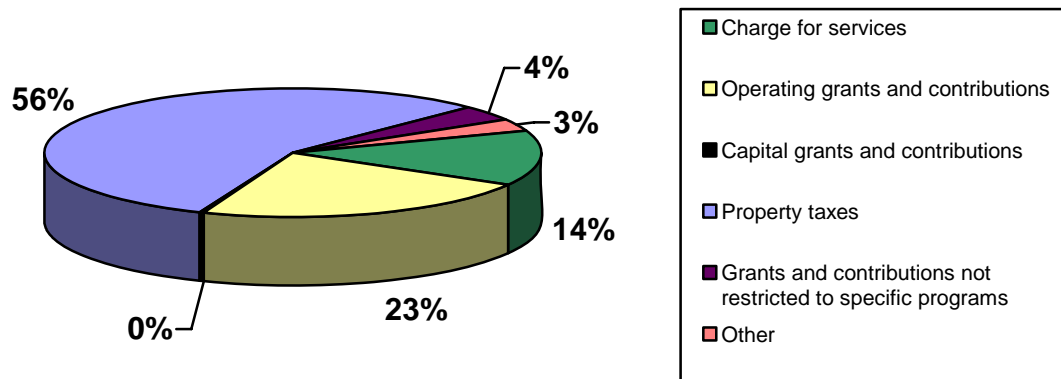
The County's net assets increased by \$12,123,763 during the current fiscal year; \$11,983,660 of the increase occurred in governmental activities and was attributable to growth in property taxes, including a nearly \$3.03 million increase related to the accelerated tax levy established to fund the reduction in state shared revenues and increased taxable values. Other significant factors in 2006 include \$1.1 million increase in unrestricted interest and other revenue, an increase of nearly \$1.5 million in operating grants, and solid waste program fees that exceeded expenditures by approximately \$300,000 (these funds are restricted for future solid waste projects).

Governmental activities. Governmental activities increased the County's net assets by \$11,983,660, accounting for 98 percent of the total growth in the net assets of the County. As previously mentioned, the major reasons for this increase were related to increased property tax collections for both the current year and the accelerated tax levy, as well as an increase in investment earnings.



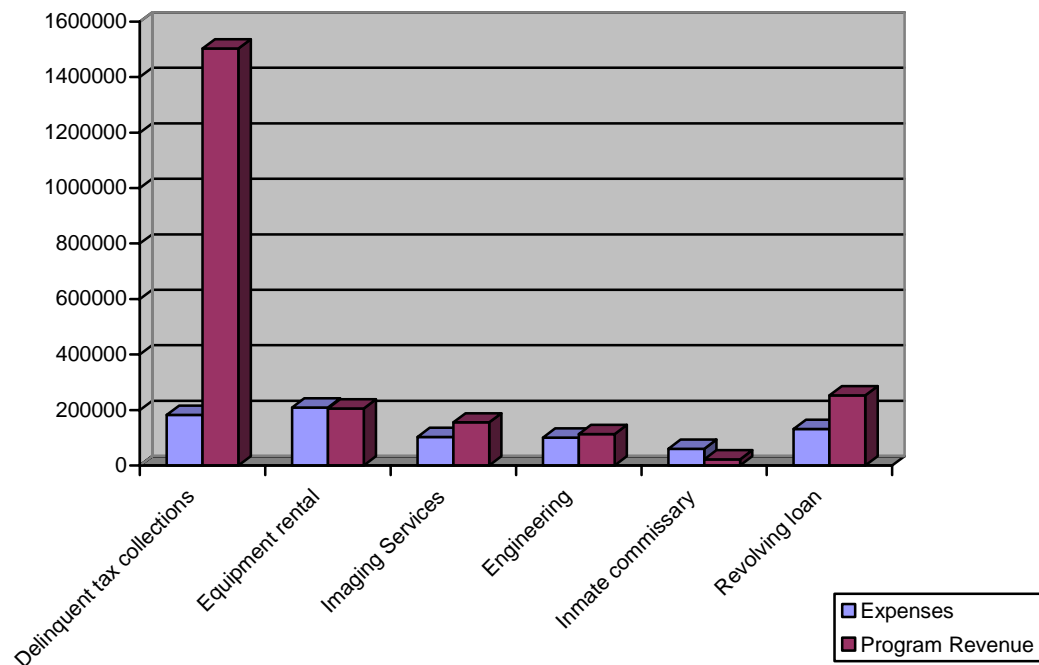
The 2006 increase in governmental activity expenses is primarily in the public safety and health and welfare areas. Public safety increased \$1,450,314, primarily due to personnel costs and expenses related to operating grants.

Revenue by Source - Governmental Activities



Business-type activities. Business type activities increased the County's net assets by \$140,103, accounting for one percent of the total growth in the government's net assets for the current year. The majority of this increase is due to the change in net assets of \$123,944 in the Revolving Loan Fund. This change is attributable to program income received as loans were paid in full.

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, the County of Monroe uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved* fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$44,175,770, an increase of \$7,758,841 when compared with the prior year. This was primarily due to unspent revenue sharing reserve fund tax collections. Of the fund balance amount, \$40,592,745 constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$9,067,005, with a total fund balance of \$9,889,983. Unreserved, undesignated fund balance represents approximately 18.6 percent of total general fund expenditures and transfers out. The fund balance of the County's general fund increased by \$134,059 during the current fiscal year. This is primarily attributable to increases in property taxes and investment income.

The county health fund had a total fund balance of \$1,989,084, with \$1,377,212 reserved for specific programs. Personnel expenditures decreased slightly as positions were not immediately filled with full time personnel. In some cases, temporary personnel were utilized, resulting in an increase in the services and supplies category. Although service levels were not significantly affected, there was a decrease in charges for services related to declining Medicaid reimbursements. The increase in reserved fund balance is due to the excess of solid waste fees over expenditures.

The fund balance of the revenue sharing reserve fund increased \$5,931,844 to a total of \$18,619,729. The increase is because of the accelerated tax levy established to fund the reduction in state shared revenues. Each year the State publishes the allowable spending amount that can be transferred from the reserve fund.

The federal prisoner housing fund, continuing a trend of increasing personnel costs combined with lower than anticipated intergovernmental revenue, had a total fund balance of \$2,476. This trend necessitated an additional transfer in from the general fund in 2006.

The senior citizen fund had a total fund balance of \$508,505. The increase of \$127,970 is primarily due to increased property tax revenues because of increased taxable values and residential property growth.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise and internal service funds at year-end amounted to \$8,579,254, and \$3,869,683, respectively. The enterprise funds had an increase in net assets for the year of \$140,103, due mainly to loan pay-offs in the revolving loan fund. Reduced liability insurance costs in 2006 caused the majority of the \$620,111 increase in internal service funds net assets.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures resulted in a 1.2 percent decrease (a decrease in appropriations of approximately \$470,000), primarily from increases in budgeted capital outlay and decreases in the contingency budget. Budgeted transfers out increased from the original to final amended budgets by approximately \$2.9 million dollars; \$1.5 million was an additional appropriation as partial funding for a new 911 emergency operations center and there was an increase of \$385,000 for the jail dormitory. Also, child care operations required an additional \$370,000 because of increased use of State Institutions.

Overall during the year, general fund revenues were above the budgetary estimates by over \$1,268,000. The areas of greatest variance include intergovernmental revenues, property taxes, and interest and rents. Specifically, homeland security and public safety grants that were budgeted to be completed during the year were only partially completed. There were corresponding decreases in Public Safety and Community and Economic Development actual expenditures compared to budget. Property taxes were greater than the budgeted amount primarily due to the property tax shift from December to July. Interest and rents increased due to improved investment return rates compared to rates used to estimate the budgeted interest and rents revenue.

Expenditures were less than budgetary estimates overall and for each of the major classifications. Specifically, actual personnel costs (salaries, wages and fringes) were less than budgeted amounts in most general fund departments due to budgeted positions that were not filled, as well as a reduction in costs for services and supplies for those programs and activities. In addition, actual expenditures for capital outlay items were under the amended budget amounts by approximately \$257,000, the majority of this difference being due to budgeted technology projects that were not completed during the year.

Overall during the year, actual general fund revenues and expenditures, including other financing sources and uses resulted in an actual increase in fund balance of \$134,059 compared to a final budgeted decrease of approximately \$2.3 million.

Capital Asset and Debt Administration

Capital assets. The County's capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2006, amounted to \$30,222,239. These capital assets

include land and land improvements, buildings and improvements, machinery and equipment and vehicular equipment. The total increase in the County's capital assets for the current fiscal year was less than one percent. Major capital asset events during the current fiscal year included the following:

- Over \$1,275,000 in public safety equipment to benefit Homeland Security.
- Over \$815,000 in computer equipment related purchases for general governmental operations.
- Over \$312,000 in Sheriff's Department additions, including several patrol vehicles.
- Over \$136,000 in capital improvements to the County's central dispatch systems.

County of Monroe's Capital Assets
(net of depreciation)

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Land and improvements	\$ 474,027	\$ 297,927
Construction in progress	304,525	-
Collections	50,000	-
Buildings and improvements	18,587,747	19,318,512
Machinery and equipment	10,193,985	9,721,902
Vehicular equipment	<u>611,955</u>	<u>692,734</u>
Total	<u>\$ 30,222,239</u>	<u>\$ 30,031,075</u>

Additional information on the County's capital assets can be found in Note G of this report.

Long-term debt. Debt is classified as long-term if it matures over a period greater than one year. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$ 7,195,399.

County of Monroe's Outstanding Debt
General Obligation

	Governmental Activities		Business- type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 5,485,000	\$ 7,095,000	\$ -	\$ -	\$ 5,485,000	\$ 7,095,000
Installment loan	<u>1,710,399</u>	<u>2,351,743</u>	<u>-</u>	<u>-</u>	<u>1,710,399</u>	<u>2,351,743</u>
Total	<u>\$ 7,195,399</u>	<u>\$ 9,446,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,195,399</u>	<u>\$ 9,446,743</u>

The County's total debt decreased by \$2,251,344 (23.8 percent) during the current fiscal year.

The County has an "AA-" rating for general obligation bonds from Standard & Poor's and a A1 rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (State Equalized Value). The current debt limitation for the County is \$729,768,082, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note H of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's 2007 budget:

- Property tax revenues are projected to increase 9.9 percent over 2006 actual revenues due to expected increased taxable values and residential growth, as well as the shift in property tax collections.
- The unemployment rate for the County is currently 6.5%, slightly higher than a year ago. This compares favorably to the state's average unemployment rate of 6.8% but is higher than the national average rate of 4.6%.
- The County has committed to maintaining a fund balance in the general fund that is at least one-twelfth of operating expenditures.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$9,067,005. The general rule of thumb is that fund balances can be used to help government weather bad times, but should not be used as a means of funding routine operations. In the 2007 budget, the County has no plans to use the fund balance carried forward in the general fund.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances to all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, County of Monroe Finance Department, 125 East Second Street, Monroe, Michigan 48161.

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**BASIC
FINANCIAL
STATEMENTS**

COUNTY OF MONROE, MICHIGAN
Statement of Net Assets
December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 29,239,208	\$ 2,289,452	\$ 31,528,660	\$ 16,880,828
Investments	8,298,462	-	8,298,462	-
Receivables, net	17,204,340	4,709,218	21,913,558	64,376,939
Prepaid items and other assets	1,203,666	-	1,203,666	1,447,377
Restricted assets - cash and cash equivalents	366,121	-	366,121	10,471,435
Loans receivable	-	1,609,237	1,609,237	-
Advance to component unit	600,000	-	600,000	-
Capital assets not being depreciated	459,525	-	459,525	29,348,699
Capital assets being depreciated, net	29,762,714	24,148	29,786,862	128,677,251
<u>TOTAL ASSETS</u>	<u>\$ 87,134,036</u>	<u>\$ 8,632,055</u>	<u>\$ 95,766,091</u>	<u>\$ 251,202,529</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Accounts payable and accrued expenses	\$ 4,110,751	\$ 28,653	\$ 4,139,404	\$ 4,271,001
Unearned revenue	4,018,928	-	4,018,928	7,426,431
Noncurrent liabilities:				
Compensated absences due within one year	1,344,058	-	1,344,058	343,506
Compensated absences due beyond one year	-	-	-	1,256,606
Advance from primary government	-	-	-	600,000
Long-term debt due within one year	1,005,358	-	1,005,358	5,369,248
Long-term debt due beyond one year	6,190,041	-	6,190,041	53,942,209
Total liabilities	16,669,136	28,653	16,697,789	73,209,001
Net assets				
Invested in capital assets, net of related debt	24,232,587	24,148	24,256,735	146,124,493
Restricted for:				
Debt service	2,103,999	-	2,103,999	1,157,456
Construction	4,610,597	-	4,610,597	12,897,222
Health and welfare programs	1,380,674	-	1,380,674	-
Unrestricted	38,137,043	8,579,254	46,716,297	17,814,357
Total net assets	70,464,900	8,603,402	79,068,302	177,993,528
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 87,134,036</u>	<u>\$ 8,632,055</u>	<u>\$ 95,766,091</u>	<u>\$ 251,202,529</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 18,404,915	\$ 5,807,235	\$ 3,929,131	\$ -	\$ (8,668,549)
Public safety	28,641,779	2,273,765	7,995,365	-	(18,372,649)
Public works	1,346,748	-	-	-	(1,346,748)
Health and welfare	12,096,024	1,388,373	4,534,464	-	(6,173,187)
Community and economic development	679,131	59,666	2,000	-	(617,465)
Recreation and culture	626,794	522,040	4,908	96,320	(3,526)
Interest on long-term debt	337,307	-	-	-	(337,307)
Total governmental activities	62,132,698	10,051,079	16,465,868	96,320	(35,519,431)
Business-type activities:					
Delinquent tax	182,571	1,502,971	-	-	1,320,400
Equipment rental	208,652	205,795	-	-	(2,857)
Imaging services	155,215	102,605	-	-	(52,610)
Engineering	112,874	100,024	-	-	(12,850)
Inmate commissary	22,500	59,985	-	-	37,485
Revolving loan	252,843	376,787	-	-	123,944
Total business-type activities	934,655	2,348,167	-	-	1,413,512
Total primary government	\$ 63,067,353	\$ 12,399,246	\$ 16,465,868	\$ 96,320	\$ (34,105,919)
Component units					
Road Commission	\$ 18,055,915	\$ -	\$ 22,648,277	\$ -	\$ 4,592,362
Mental Health Authority	26,417,639	19,122,310	6,685,038	-	(610,291)
Library Services	7,399,581	248,524	-	-	(7,151,057)
Drain Commission	1,003,548	36,726	-	2,163,024	1,196,202
County Agency	11,484,874	6,713,015	4,334,488	-	(437,371)
Total component units	\$ 64,361,557	\$ 26,120,575	\$ 33,667,803	\$ 2,163,024	\$ (2,410,155)

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COUNTY OF MONROE, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2006

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (35,519,431)	\$ 1,413,512	\$ (34,105,919)	\$ (2,410,155)
General revenues:				
Property taxes	41,085,203	-	41,085,203	5,643,967
Grants and contributions not restricted to specific programs	2,875,071	-	2,875,071	1,724,725
Other revenue	-	-	-	114,142
Restricted investment earnings	-	-	-	971
Unrestricted investment earnings	2,212,567	56,841	2,269,408	1,384,638
Transfers - internal activities	1,330,250	(1,330,250)	-	-
 Total general revenues and transfers	 47,503,091	 (1,273,409)	 46,229,682	 8,868,443
 Change in net assets	 11,983,660	 140,103	 12,123,763	 6,458,288
Net assets, beginning of year, as restated	58,481,240	8,463,299	66,944,539	171,535,240
Net assets, end of year	\$ 70,464,900	\$ 8,603,402	\$ 79,068,302	\$ 177,993,528

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Balance Sheet
Governmental Funds
December 31, 2006

	General	County Health	Revenue Sharing Reserve	Federal Prisoner Housing	Senior Citizen	Nonmajor Funds	Totals
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ 2,674,586	\$ 1,771,625	\$ 9,169,698	\$ 5,203	\$ 215,545	\$ 10,619,035	\$ 24,455,692
Investments	5,998,694	-	1,009,436	-	294,702	995,630	8,298,462
Taxes receivable	2,060,866	-	8,440,595	-	3,017,983	-	13,519,444
Accounts receivable - net	18,102	-	-	-	-	-	18,102
Interest receivable	29,992	-	-	-	3,529	-	33,521
Due from other governments	1,287,537	480,331	-	422,760	-	1,435,111	3,625,739
Due from other funds	-	106,650	-	385,000	-	1,294,215	1,785,865
Advance to other funds	200,000	-	-	-	-	239,474	439,474
Advance to component unit	600,000	-	-	-	-	-	600,000
<u>TOTAL ASSETS</u>	\$ 12,869,777	\$ 2,358,606	\$ 18,619,729	\$ 812,963	\$ 3,531,759	\$ 14,583,465	\$ 52,776,299
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 689,006	\$ 296,236	\$ -	\$ 14,402	\$ 5,271	\$ 379,852	\$ 1,384,767
Accrued wages and fringes	825,971	43,293	-	196,085	-	241,620	1,306,969
Due to other funds	493,865	-	-	600,000	-	692,000	1,785,865
Advances from other governments	-	-	-	-	-	54,000	54,000
Advances from other funds	-	-	-	-	-	50,000	50,000
Deferred revenue	970,952	29,993	-	-	3,017,983	-	4,018,928
Total liabilities	2,979,794	369,522	-	810,487	3,023,254	1,417,472	8,600,529
Fund balances							
Reserved for:							
Encumbrances	22,978	-	-	-	-	52,014	74,992
Long-term advances	800,000	-	-	-	-	239,474	1,039,474
Health ordinances	-	1,377,212	-	-	-	-	1,377,212
Donations	-	-	-	-	-	3,462	3,462
Unreserved:							
Designated for subsequent expenditures	-	506,684	-	-	213,940	-	720,624
Designated for subsequent expenditures, reported in nonmajor special revenue funds	-	-	-	-	-	367,261	367,261
Undesignated	9,067,005	105,188	18,619,729	2,476	294,565	-	28,088,963
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	6,431,870	6,431,870
Debt service funds	-	-	-	-	-	1,333,816	1,333,816
Capital projects funds	-	-	-	-	-	4,738,096	4,738,096
Total fund balances	9,889,983	1,989,084	18,619,729	2,476	508,505	13,165,993	44,175,770
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 12,869,777	\$ 2,358,606	\$ 18,619,729	\$ 812,963	\$ 3,531,759	\$ 14,583,465	\$ 52,776,299

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2006

Fund balances - total governmental funds	\$ 44,175,770
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets not being depreciated	459,525
Add: capital assets being depreciated	65,592,171
Subtract: accumulated depreciation	(36,226,845)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	3,869,683
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Prepaid costs related to other postemployment benefits are not available for current period expenditures and, therefore, are not reported in the funds.

Add: other postemployment benefit plan obligation (i.e., asset)	1,203,666
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds and notes payable	(7,195,399)
Subtract: accrued interest on long-term liabilities	(69,613)
Subtract: accrued compensated absences	(1,344,058)

Net assets of governmental activities	<u>\$ 70,464,900</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	County Health	Revenue Sharing Reserve	Federal Prisoner Housing	Senior Citizen	Nonmajor Funds	Totals
Revenues							
Taxes	\$ 29,226,461	\$ -	\$ 8,440,596	\$ 1,399,501	\$ -	\$ 635,286	\$ 39,701,844
Licenses and permits	174,866	383,983	-	-	-	12,660	571,509
Intergovernmental revenues	4,169,133	2,642,445	-	-	2,782,860	6,391,651	15,986,089
Contributions from local units	1,918,879	-	-	-	-	40,579	1,959,458
Charges for services	5,545,473	985,388	-	255,787	38,371	950,246	7,775,265
Fines and forfeits	595,985	-	-	-	-	412,855	1,008,840
Interest and rents	1,807,308	-	140,534	4,062	-	859,006	2,810,910
Other revenue	1,608,972	134,195	-	9,687	18,006	1,104,211	2,875,071
Total revenues	45,047,077	4,146,011	8,581,130	1,669,037	2,839,237	10,406,494	72,688,986
Expenditures							
Current:							
General government	15,482,863	-	-	-	-	2,878,878	18,361,741
Public safety	17,433,968	-	-	3,557,890	-	6,864,977	27,856,835
Public works	76,623	-	-	-	-	1,265,565	1,342,188
Health and welfare	1,558,508	4,903,426	-	-	2,560,335	3,115,659	12,137,928
Community and economic development	630,891	-	-	-	-	-	630,891
Recreation and culture	432,818	-	-	-	-	65,476	498,294
Other	58,943	-	-	-	-	-	58,943
Debt service:							
Principal	-	-	-	-	-	2,251,341	2,251,341
Interest	-	-	-	-	-	361,909	361,909
Capital outlay	1,454,396	13,774	-	-	-	1,807,155	3,275,325
Total expenditures	37,129,010	4,917,200	-	3,557,890	2,560,335	18,610,960	66,775,395
Revenues over (under) expenditures	7,918,067	(771,189)	8,581,130	(1,888,853)	278,902	(8,204,466)	5,913,591
Other financing sources (uses)							
Transfers in	3,871,134	915,587	-	1,788,201	-	13,135,208	19,710,130
Transfers (out)	(11,655,142)	(112,900)	(2,649,286)	-	(150,932)	(3,296,620)	(17,864,880)
Total other financing sources (uses)	(7,784,008)	802,687	(2,649,286)	1,788,201	(150,932)	9,838,588	1,845,250
Net change in fund balances	134,059	31,498	5,931,844	(100,652)	127,970	1,634,122	7,758,841
Fund balances, beginning of year	9,755,924	1,957,586	12,687,885	103,128	380,535	11,531,871	36,416,929
Fund balances, end of year	\$ 9,889,983	\$ 1,989,084	\$ 18,619,729	\$ 2,476	\$ 508,505	\$ 13,165,993	\$ 44,175,770

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006

Net change in fund balances - total governmental funds	\$ 7,758,841
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	3,275,325
Subtract: depreciation expense	(3,112,400)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term liabilities	2,251,341
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add : change in accrued interest on bonds	24,609
Add: change in other postemployment benefits obligation (i.e., asset)	1,203,666
Subtract: increase in accrual for compensated absences	(37,833)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities:

Add: net operating income from governmental activities accounted for in internal service funds	1,037,989
Add: interest revenue from governmental internal service funds	97,122
Subtract: internal activities (transfers) accounted for in internal service funds	(515,000)

Change in net assets of governmental activities	<u><u>\$ 11,983,660</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Taxes	\$ 27,703,242	\$ 27,703,242	\$ 29,226,461	\$ 1,523,219
Licenses and permits	217,125	217,125	174,866	(42,259)
Intergovernmental revenues	4,771,366	4,885,044	4,169,133	(715,911)
Contributions from local units	1,675,942	1,742,012	1,918,879	176,867
Charges for services	5,861,967	5,853,277	5,545,473	(307,804)
Fines and forfeits	628,000	628,000	595,985	(32,015)
Interest and rents	1,090,593	1,123,699	1,807,308	683,609
Other revenue	1,518,269	1,625,846	1,608,972	(16,874)
Total revenues	43,466,504	43,778,245	45,047,077	1,268,832
Expenditures				
Current:				
General government	16,019,185	16,117,285	15,482,863	(634,422)
Public safety	17,331,472	17,666,525	17,433,968	(232,557)
Public works	77,000	77,000	76,623	(377)
Health and welfare	1,566,488	1,573,889	1,558,508	(15,381)
Community and economic development	903,742	659,542	630,891	(28,651)
Recreation and cultural	453,658	459,858	432,818	(27,040)
Other expenditures	986,364	82,500	58,943	(23,557)
Capital outlay	1,480,133	1,711,278	1,454,396	(256,882)
Total expenditures	38,818,042	38,347,877	37,129,010	(1,218,867)
Revenues over (under) expenditures	4,648,462	5,430,368	7,918,067	2,487,699
Other financing sources (uses)				
Transfers in	5,013,303	5,017,128	3,871,134	(1,145,994)
Transfers (out)	(9,883,610)	(12,734,480)	(11,655,142)	1,079,338
Total other financing (uses)	(4,870,307)	(7,717,352)	(7,784,008)	(66,656)
Net change in fund balance	(221,845)	(2,286,984)	134,059	2,421,043
Fund balance, beginning of year	9,755,924	9,755,924	9,755,924	-
Fund balance, end of year	\$ 9,534,079	\$ 7,468,940	\$ 9,889,983	\$ 2,421,043

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Health Special Revenue Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Licenses and permits	\$ 450,000	\$ 450,000	\$ 383,983	\$ (66,017)
Intergovernmental revenues	2,415,588	2,672,367	2,642,445	(29,922)
Charges for services	1,066,750	1,066,750	985,388	(81,362)
Other revenue	139,600	141,990	134,195	(7,795)
Total revenues	4,071,938	4,331,107	4,146,011	(185,096)
Expenditures				
Current:				
Health and welfare	5,460,233	5,632,607	4,903,426	(729,181)
Capital outlay	91,000	89,500	13,774	(75,726)
Total expenditures	5,551,233	5,722,107	4,917,200	(804,907)
Revenues over (under) expenditures	(1,479,295)	(1,391,000)	(771,189)	619,811
Other financing sources (uses)				
Transfers in	1,586,095	1,554,695	915,587	(639,108)
Transfers (out)	(106,800)	(112,900)	(112,900)	-
Total other financing (uses)	1,479,295	1,441,795	802,687	(639,108)
Net change in fund balance	-	50,795	31,498	(19,297)
Fund balance, beginning of year	1,957,586	1,957,586	1,957,586	-
Fund balance, end of year	\$ 1,957,586	\$ 2,008,381	\$ 1,989,084	\$ (19,297)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Taxes	\$ 2,600,000	\$ 2,649,286	\$ 8,440,596	\$ 5,791,310
Interest and rents	-	-	140,534	140,534
Total revenues	2,600,000	2,649,286	8,581,130	5,931,844
Other financing uses				
Transfers (out)	(2,600,000)	(2,649,286)	(2,649,286)	-
Net change in fund balance	-	-	5,931,844	5,931,844
Fund balance, beginning of year	12,687,885	12,687,885	12,687,885	-
Fund balance, end of year	\$ 12,687,885	\$ 12,687,885	\$ 18,619,729	\$ 5,931,844

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Federal Prisoner Housing Special Revenue Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Intergovernmental revenues	\$ 1,868,800	\$ 1,868,800	\$ 1,399,501	\$ (469,299)
Charges for services	265,000	265,000	255,787	(9,213)
Interest and rents	-	-	4,062	4,062
Other revenues	3,500	3,500	9,687	6,187
Total revenues	2,137,300	2,137,300	1,669,037	(468,263)
Expenditures				
Current:				
Public safety	3,463,289	3,562,302	3,557,890	(4,412)
Revenues over (under) expenditures	(1,325,989)	(1,425,002)	(1,888,853)	(463,851)
Other financing sources				
Transfers in	1,325,042	1,334,055	1,788,201	454,146
Net change in fund balance	(947)	(90,947)	(100,652)	(9,705)
Fund balance, beginning of year	103,128	103,128	103,128	-
Fund balance, end of year	\$ 102,181	\$ 12,181	\$ 2,476	\$ (9,705)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Senior Citizen Special Revenue Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Taxes	\$ 2,560,669	\$ 2,560,669	\$ 2,782,860	\$ 222,191
Interest and rents	14,000	14,000	38,371	24,371
Other revenues	283	18,097	18,006	(91)
Total revenues	2,574,952	2,592,766	2,839,237	246,471
Expenditures				
Current:				
Health and welfare	2,694,250	2,712,064	2,560,335	(151,729)
Revenues over (under) expenditures	(119,298)	(119,298)	278,902	398,200
Other financing sources (uses)				
Transfers (out)	(155,941)	(155,941)	(150,932)	5,009
Net change in fund balance	(275,239)	(275,239)	127,970	403,209
Fund balance, beginning of year	380,535	380,535	380,535	-
Fund balance, end of year	\$ 105,296	\$ 105,296	\$ 508,505	\$ 403,209

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2006

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Funds	Totals	Internal Service
<u>ASSETS</u>				
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,770,245	\$ 519,207	\$ 2,289,452	\$ 4,783,516
Taxes receivable - delinquent	4,125,040	-	4,125,040	-
Accounts receivable	2,873	-	2,873	7,534
Interest receivable	575,921	-	575,921	-
Due from other governments	-	5,384	5,384	-
Loans receivable due within one year	-	48,750	48,750	-
Total current assets	6,474,079	573,341	7,047,420	4,791,050
Noncurrent assets:				
Loans receivable due beyond one year	-	1,560,488	1,560,488	-
Restricted assets - cash and cash equivalents	-	-	-	366,121
Capital assets being depreciated, net	-	24,148	24,148	397,387
Total noncurrent assets	-	1,584,636	1,584,636	763,508
<u>TOTAL ASSETS</u>	\$ 6,474,079	\$ 2,157,976	\$ 8,632,055	\$ 5,554,558
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Current liabilities:				
Accounts payable	\$ 1,232	\$ 19,183	\$ 20,415	\$ 83,647
Accrued wages and fringes	-	8,106	8,106	-
Compensated absences payable	-	-	-	156,283
Other accrued liabilities	-	-	-	1,055,471
Due to other governments	132	-	132	-
Due to other funds	-	-	-	-
Total current liabilities	1,364	27,289	28,653	1,295,401
Noncurrent liabilities:				
Advances from other funds	-	-	-	389,474
Total liabilities	1,364	27,289	28,653	1,684,875
Net assets				
Invested in capital assets	-	24,148	24,148	-
Unrestricted	6,472,715	2,106,539	8,579,254	3,869,683
Total net assets	6,472,715	2,130,687	8,603,402	3,869,683
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 6,474,079	\$ 2,157,976	\$ 8,632,055	\$ 5,554,558

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Funds	Totals	Internal Service
Operating revenues				
Charges for services	\$ 265,603	\$ 450,895	\$ 716,498	\$ 149,911
Interest on taxes	898,331	-	898,331	-
Interest on loan repayments	-	683	683	-
Tax administration fees	339,037	-	339,037	-
Employer contributions	-	-	-	8,307,258
Employee contributions	-	-	-	126,706
Other operating revenue	-	148,109	148,109	281,449
Total operating revenues	1,502,971	599,687	2,102,658	8,865,324
Operating expense				
Cost of services	-	736,902	736,902	-
Administrative costs	182,571	-	182,571	223,506
Benefit payments	-	-	-	6,972,941
Liability insurance	-	-	-	571,312
Depreciation	-	15,182	15,182	59,576
Total operating expense	182,571	752,084	934,655	7,827,335
Operating income (loss)	1,320,400	(152,397)	1,168,003	1,037,989
Non-operating revenues				
Interest and rentals	56,841	245,509	302,350	97,122
Income (loss) before transfers	1,377,241	93,112	1,470,353	1,135,111
Transfers out	(1,330,250)	-	(1,330,250)	(515,000)
Change in net assets	46,991	93,112	140,103	620,111
Net assets, beginning of year	6,425,724	2,037,575	8,463,299	3,249,572
Net assets, end of year	<u>\$ 6,472,715</u>	<u>\$ 2,130,687</u>	<u>\$ 8,603,402</u>	<u>\$ 3,869,683</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent			
	Tax	Nonmajor		Internal
	Revolving	Funds	Totals	Service
Cash flows from operating activities				
Cash received from customers	\$ 715,791	\$ 518,842	\$ 1,234,633	\$ 9,003,899
Collections of housing loan principal	-	179,744	179,744	-
Collections of housing loan interest	-	129,278	129,278	-
Cash payments to suppliers for goods and services	(182,571)	(422,741)	(605,312)	(937,727)
Cash payments to employees for services	-	(292,238)	(292,238)	-
Cash payments for employee benefits	-	-	-	(6,659,014)
Housing loans issued	-	(287,051)	(287,051)	-
Net cash provided (used) by operating activities	533,220	(174,166)	359,054	1,407,158
Cash flows from non-capital financing activities				
Intergovernmental revenue	-	245,509	245,509	-
Transfers out	(1,330,250)	-	(1,330,250)	(515,000)
Net cash provided (used) by non-capital financing activities	(1,330,250)	245,509	(1,084,741)	(515,000)
Cash flows from capital and related financing activities				
Repayment of long-term advances	-	-	-	(31,154)
Cash flows from investing activities				
Sale of investments	350,000	-	350,000	1,650,000
Interest received	56,841	-	56,841	97,122
Net cash provided by investing activities	406,841	-	406,841	1,747,122
Net increase (decrease) in cash and cash equivalents	(390,189)	63,406	(326,783)	2,545,314
Cash and cash equivalents, beginning of year	2,160,434	455,801	2,616,235	2,604,323
Cash and cash equivalents, end of year	\$ 1,770,245	\$ 519,207	\$ 2,289,452	\$ 5,149,637

(Continued...)

**COUNTY OF MONROE, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006**

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Funds	Totals	Internal Service
Cash flows from operating activities				
Operating income (loss)	\$ 1,320,400	\$ (152,397)	\$ 1,168,003	\$ 1,037,989
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	15,182	15,182	59,576
Bad debt expense	-	7,333	7,333	-
(Increase) decrease in:				
Taxes receivable-delinquent	(690,137)	-	(690,137)	-
Accounts receivable	389	3,572	3,961	8,575
Interest receivable	(86,292)	-	(86,292)	-
Due from other funds	-	-	-	130,000
Due from component units	-	44,861	44,861	-
Loans receivable	-	(107,306)	(107,306)	-
Increase (decrease) in:				
Accounts payable	(11,150)	11,953	803	71,879
Accrued wages and fringes	-	2,636	2,636	-
Compensated absences payable	-	-	-	(83,966)
Due to other governments	10	-	10	-
Due to other funds	-	-	-	(130,000)
Other accrued liabilities	-	-	-	313,105
Net cash provided (used) by operating activities	<u>\$ 533,220</u>	<u>\$ (174,166)</u>	<u>\$ 359,054</u>	<u>\$ 1,407,158</u>

Non-cash transactions

There were no non-cash transactions during the fiscal year.

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Fiduciary Net Assets
December 31, 2006

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 428,317	\$ 2,270,797
Investments at fair value:		
U.S. treasuries	16,387,240	-
U.S. agencies	21,029,138	-
Foreign government bonds	12,184,739	-
Corporate bonds	25,367,189	-
Bond mutual fund	2,361,606	-
Domestic equities	60,796,986	-
International equities	9,833,815	-
American depository receipts	33,205,965	-
Real estate investment trusts	1,091,555	-
Collateralized mortgage obligations	2,039,359	-
Money market accounts	9,905,613	-
Contributions receivable	40,752	-
Interest receivable	959,825	-
	<hr/>	<hr/>
Total assets	195,632,099	\$ 2,270,797
	<hr/>	<hr/>
Liabilities		
Accounts payable	316,931	\$ 12,517
Foreign currency forward contracts payable	154,112	-
Due to other governments	-	498,423
Undistributed taxes - current levy	-	964,033
Undistributed taxes - other	-	105,516
Other undistributed receipts	-	690,308
	<hr/>	<hr/>
Total liabilities	471,043	\$ 2,270,797
	<hr/>	<hr/>
Net assets held in trust for pension benefits and other purposes	<u><u>\$ 195,161,056</u></u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2006

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Investment income:	
<i>From investing activities</i>	
Net appreciation in fair value of investments	\$ 15,025,770
Interest and dividends	6,265,557
Total investment income	<u>21,291,327</u>
Less: investment management fees	<u>(1,186,700)</u>
Net gain from investing activities	<u>20,104,627</u>
<i>From securities lending activities</i>	
Gross earnings	1,907,830
Borrower rebates	(1,788,873)
Securities lending fees	<u>(47,607)</u>
Net income from securities lending activities	<u>71,350</u>
Total net investment gain	<u>20,175,977</u>
Contributions:	
Employer	8,747,276
Employee	575,936
Time purchase	<u>30,434</u>
Total contributions	<u>9,353,646</u>
Total additions	<u>29,529,623</u>
Deductions	
Benefit payments	8,830,861
Refunds of contributions	690,879
Administrative expenses/premiums paid	<u>283,242</u>
Total deductions	<u>9,804,982</u>
Net additions to net assets held in trust	19,724,641
Net assets held in trust for pension benefits and other purposes	
Beginning of year	<u>175,436,415</u>
End of year	<u><u>\$ 195,161,056</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Net Assets
Component Units
December 31, 2006

	Road Commission	Mental Health	Library	Drain Commission	County Agency	Total
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 1,314,176	\$ 5,963,149	\$ 3,656,813	\$ 2,170,762	\$ 3,775,928	\$ 16,880,828
Taxes receivable	-	-	33,995	-	-	33,995
Special assessments receivable	75,498	-	-	618,359	-	693,857
Unlevied special assessments	-	-	-	936,000	-	936,000
Accounts receivable	6,643,817	420,149	6,193,230	-	926,678	14,183,874
Due from other governments	-	698,002	-	-	4,421,211	5,119,213
Inventory	935,405	-	-	-	116,618	1,052,023
Prepays	218,806	142,567	16,781	-	15,700	393,854
Deposits	-	-	-	-	1,500	1,500
Restricted assets - cash and cash equivalents	467,252	-	-	-	10,004,183	10,471,435
Leases receivable	-	-	-	-	43,410,000	43,410,000
Capital assets not being depreciated	14,061,488	54,000	8,249,610	-	6,983,601	29,348,699
Capital assets being depreciated, net	85,653,769	1,111,630	633,015	24,574,535	16,704,302	128,677,251
<u>TOTAL ASSETS</u>	\$ 109,370,211	\$ 8,389,497	\$ 18,783,444	\$ 28,299,656	\$ 86,359,721	\$ 251,202,529
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities						
Accounts payable and accrued expenses	\$ 1,077,216	\$ 1,548,200	\$ 136,756	\$ -	\$ 773,761	\$ 3,535,933
Accrued interest payable	-	-	-	10,350	406,243	416,593
Due to other governments	-	313,083	-	-	-	313,083
Deposits payable	-	-	-	-	5,392	5,392
Unearned revenue	1,238,396	-	6,024,848	-	163,187	7,426,431
Compensated absences	972,438	249,466	284,168	-	94,040	1,600,112
Advances from primary government	-	-	-	600,000	-	600,000
Long-term debt	6,425,627	12,430	-	1,203,700	51,669,700	59,311,457
Total liabilities	9,713,677	2,123,179	6,445,772	1,814,050	53,112,323	73,209,001
Net assets						
Invested in capital assets, net of related debt	93,289,630	1,153,200	8,882,625	23,370,835	19,428,203	146,124,493
Restricted for debt service	-	-	47,052	1,065,760	44,644	1,157,456
Restricted for construction	467,252	-	-	2,049,011	10,380,959	12,897,222
Unrestricted	5,899,652	5,113,118	3,407,995	-	3,393,592	17,814,357
Total net assets	99,656,534	6,266,318	12,337,672	26,485,606	33,247,398	177,993,528
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 109,370,211	\$ 8,389,497	\$ 18,783,444	\$ 28,299,656	\$ 86,359,721	\$ 251,202,529

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006

	Road Commission	Mental Health	Library	Drain Commission	County Agency	Total
Expenses						
Road Commission	\$ 18,055,915	\$ -	\$ -	\$ -	\$ -	\$ 18,055,915
Mental Health Authority	-	26,417,639	-	-	-	26,417,639
Library Services	-	-	7,399,581	-	-	7,399,581
Drain Commission	-	-	-	1,003,548	-	1,003,548
County Agency	-	-	-	-	11,484,874	11,484,874
Total expenses	18,055,915	26,417,639	7,399,581	1,003,548	11,484,874	64,361,557
Program revenues						
Charges for services	-	19,122,310	248,524	36,726	6,713,015	26,120,575
Operating grants and contributions	22,648,277	6,685,038	-	-	4,334,488	33,667,803
Capital grants and contributions	-	-	-	2,163,024	-	2,163,024
Total program revenues	22,648,277	25,807,348	248,524	2,199,750	11,047,503	61,951,402
Net (expense) revenue	4,592,362	(610,291)	(7,151,057)	1,196,202	(437,371)	(2,410,155)
General revenues						
Property taxes	-	-	5,643,967	-	-	5,643,967
Grants and contributions not restricted to specific programs	-	-	1,724,725	-	-	1,724,725
Other revenue	-	-	114,142	-	-	114,142
Restricted investment earnings	-	971	-	-	-	971
Unrestricted investment earnings	-	278,183	211,436	106,766	788,253	1,384,638
Total general revenues	-	279,154	7,694,270	106,766	788,253	8,868,443
Change in net assets	4,592,362	(331,137)	543,213	1,302,968	350,882	6,458,288
Net assets, beginning of year, as restated	95,064,172	6,597,455	11,794,459	25,182,638	32,896,516	171,535,240
Net assets, end of year	\$ 99,656,534	\$ 6,266,318	\$ 12,337,672	\$ 26,485,606	\$ 33,247,398	\$ 177,993,528

The accompanying notes are an integral part of these financial statements.

**NOTES TO
BASIC
FINANCIAL
STATEMENTS**

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Monroe County (the “County” or “government”) was organized in 1811 and covers an area of 560 square miles divided into 15 townships, 5 villages and 4 cities. The County seat is located in the City of Monroe. The County operates under an elected Board of Commissioners (9 members) and provides services to its more than 152,256 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

REPORTING ENTITY

As defined by generally accepted accounting principles established by the Government Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present Monroe County (the primary government) and its component units. The financial data of the component units are included in the County’s reporting entity because of the significance of their operational or financial relationships with the County.

BLENDED COMPONENT UNIT

Monroe County Building Authority - The Monroe County Building Authority was created under the provisions of Act 31, Public Acts of 1948 (Extra Session), as amended, and is governed by a five-member board appointed by the Monroe County Board of Commissioners. The purpose of the Authority is to finance, through tax-exempt bonds, the construction of public buildings for use by the County, with the bonds secured by lease agreements with the County and retired through lease payments from the County. Although it is legally separate from the County, the Monroe County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of and improvements to the County’s public buildings. As a result, the County has included in its financial statements the Authority’s debt service and capital projects funds. Also, the County has incorporated the bond issues into its long-term debt and capital assets are included in governmental capital assets. A separate report is prepared for the Building Authority and may be obtained from its administrative offices at 125 East Second Street, Monroe, Michigan 48161.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

DISCRETELY PRESENTED COMPONENT UNITS

Monroe County Road Commission - The Monroe County Road Commission, which was established pursuant to the County Road Law (MCL 224.1), is governed by a three-member Board of County Road Commissioners appointed by the County Board of Commissioners. The Road Commission may not issue debt without the County's approval and any tax levy is subject to County Board of Commissioners approval. If approval is granted, the Road Commission's taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy as well as reported in the County Road Commission. Complete financial statements that are separately audited may be obtained from the administrative office at Monroe County Road Commission, 840 South Telegraph Road, Monroe, Michigan 48161.

Community Mental Health Authority - The Monroe County Community Mental Health Services Board was established in 1964 to provide mental health services to residents of Monroe County under the provisions of Act 54, Public Acts of 1963, as amended. The current provision is Act 258 Public Acts of 1974. The Monroe County Community Mental Health Services Board was an agency of the County of Monroe and served as a policy making board only. This status as an agency of the County of Monroe ended December 31, 1996. On January 1, 1997, the Monroe County Community Mental Health Services Board, with all its assets, debt obligations and personnel, became the Monroe County Community Mental Health Authority. Upon receiving certification by the Michigan Department of Community Health under Section 232a of the Michigan Mental Health Code and through a resolution adopted by the Monroe County Board of Commissioners on October 1, 1996, it became an authority. As an authority, the Monroe County Community Mental Health Authority has become an autonomous and distinct legal entity separate and apart from the County of Monroe.

The Monroe County Board of Commissioners has the authority to appoint the voting members of the Community Mental Health Authority Board of Directors, which governs the Authority. By law, the primary government (Monroe County) can remove appointed members of the component unit's (Community Mental Health Authority) governing body at will. The Authority is also accountable to the County of Monroe and may be terminated by a majority vote of either the Monroe County Board of Commissioners or the Monroe County Community Mental Health Authority Board of Directors. Complete financial statements that are separately audited may be obtained from the administrative office at Community Mental Health Authority, 1001 South Raisinville Road, Monroe, Michigan 48161.

Monroe County Library System - The Monroe County Library System operates under the provisions of Section 397.301 of the 1979 Compiled Laws and is governed by a five-member board appointed by the Monroe County Board of Commissioners. As recommended by the Michigan Committee on Governmental Accounting Auditing Statement No. 4, the Monroe County Library System is treated as a discretely presented component unit. As well as appointing the Library Board, the County has the ability to impose its will over the County Library System and would incur a financial benefit or burden if operations of the Library System ceased or changed significantly. The purpose of the Monroe County Library System is to account for earmarked revenue from penal fines, a special millage set aside for library operations, and state grants earmarked to provide public library services. Complete financial statements that are separately audited may be obtained from the administrative office at Monroe County Library System, 3700 South Custer Road, Monroe, Michigan 48161.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Monroe County Drain Commission - Each of the drainage districts established pursuant to the Drain Code of 1956 and included in the financial statements of the Monroe County Drain Commission are separate legal entities with the power to contract; to sue and be sued; and to hold, manage and dispose of real and personal property. The Statutory Drain Board consists of the Drain Commissioner, the Chair of the County Board of Commissioners, and one other member of the Board of Commissioners. The Drain Commissioner is responsible for the construction and maintenance of storm drains within the County. The County is financially accountable for the Drain Commission because the Board of Commissioners approves the budget for the Drain Commission. The full faith and credit of the County is often given for the long-term debt of the drainage districts. A separate report is not prepared for the Monroe County Drain Commission.

County Agency - In 1968, the County of Monroe entered into a program of water supply and sanitary sewer facility construction under Act 342, Public Acts of 1939, as amended. Pursuant to this Act, the County Board of Commissioners appointed the Monroe County Drain Commissioner as the County Agency. The Drain Commissioner as County Agency may not issue debt or levy a special assessment except upon resolution adopted by the County Board of Commissioners. The County Agency manages water supply and sanitary sewer system construction projects of other separate legal units of government. The County pledges its full faith and credit for bonds to finance the projects, but title passes to the local unit when the debt is retired. In addition, the County Agency oversees debt retirement of bonded debt that was used to finance the construction projects that it has managed, and operates and maintains water supply and sanitary sewer systems for other local units of government as appointed by the Board of Commissioners. The County Agency also handles the billing and collection of utility bills when contracted to do so by local units of government. Complete financial statements that are separately audited may be obtained from the administrative office at Monroe County Drain Commissioner County Agency, 1005 South Raisinville Road, Monroe, Michigan 48161.

Complete financial statements of the individual component units that are separately audited can be obtained from their respective administrative offices as noted above or the County Clerk's office at 125 East Second Street, Monroe, MI 48161.

Related disclosures for the County's component units have been incorporated into the notes to the basic financial statements and are referenced to the above mentioned component units when applicable.

Fiscal Year Ends Other than December 31, 2006

The financial information presented in this report is for the fiscal year ended December 31, 2006, except for the Community Mental Health Authority, which is for the fiscal year ended September 30, 2006.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

RELATED ORGANIZATION

A related organization is a legal entity for which the government appoints a voting majority of the governing body, but for which it is not financially accountable. Monroe County has the following related organization:

County of Monroe Hospital Finance Authority – is governed by a five-member board appointed by the Chairman of the Monroe County Board of Commissioners, with the approval of the majority of the entire membership of the Monroe County Board of Commissioners. No member of the Board of Commissioners may serve on the Hospital Finance Authority Board. The County of Monroe Hospital Finance Authority (the “Authority”) is a legally separate entity established to facilitate nonpublic, nonprofit hospitals in obtaining financing or refinancing for capital improvements. To accomplish this purpose, the Authority is authorized to issue bonds for the purpose of making related loans to the hospitals. Because the Authority does not provide a financial benefit or burden to the County and the County does not have the ability to impose its will, the Authority is not reported as a component unit of the County.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Thus, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants that use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County Health Fund – This fund is used to account for the activities of delivering an array of public health services to residents of the County. Monies are provided by federal, state, and county appropriations, contributions, and charges for services.

Revenue Sharing Reserve Fund – This fund is used to account for activities related to the establishment of a fund used to reserve current property tax collections that will supplant future year state revenue sharing payments.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Federal Prisoner Housing Fund – This fund is used to account for the activity of the second jail facility.

Senior Citizen Fund – This fund is used to account for the special tax levy and general fund appropriation for services and special programs for senior citizens.

The County reports the following major proprietary fund:

Delinquent Tax Revolving Fund – This enterprise fund accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt when needed (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

Additionally, the County reports the following fund types:

Special Revenue Funds - These funds account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

Debt Service Fund - This fund is used to record revenues which are restricted for the payment of principal and interest on debt recorded as long-term obligations of the governmental activities.

Capital Projects Fund - This fund is used to account for nonmajor renovation/construction projects and the acquisition or construction of facilities other than those financed by proprietary fund operations.

Enterprise Funds - These funds are used to report any activity for which a fee is charged to external users for goods or services.

Internal Service Funds – These funds account for operations that provide services (such as the County's telephone system, self-insurance, and equipment purchases) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Pension and other employee benefit trust funds – These funds account for the activities of the Employees' Retirement System and the Retirement Health Care employee benefit program for qualified employees.

Agency Funds – These funds account for assets collected and held in a custodial capacity on behalf of outside parties and other governments, including fines, tax collections, fees, licenses and permits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

DEPOSITS AND INVESTMENTS

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value. Earnings from investments are allocated to various funds as required by federal regulations, state statutes, and local ordinances.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

RECEIVABLES AND PAYABLES

Transactions between funds that are representative of lending/borrowing arrangements and are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

INVENTORIES AND PREPAID ITEMS

Inventories for the County Agency component unit are valued at cost, using the first-in first-out method.

Inventories for the Road Commission component unit are priced at cost as determined using an average cost method. Inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County establishes a reserve of fund balance for all prepaid items.

RESTRICTED ASSETS

Certain resources are classified as restricted assets on the statement of net assets because funds are set aside for debt retirement of general obligation bonds, construction, capital asset replacement, vehicles, necessary building improvement requirements, and general liability claims.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Drain Commissioner and Road Commission component units. The capitalization threshold for infrastructure is \$25,000. Only infrastructure assets acquired subsequent to 1980 have been reported. Capital assets other than infrastructure assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value as of the donation date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	30 - 50
Building improvements	20
Machinery and equipment	5 - 10
Vehicles	5 - 7
Public domain infrastructure	8 - 50

Provisions for depreciation are computed at rates designed to amortize the cost of the assets over the estimated useful lives of those assets.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COMPENSATED ABSENCES

The County has an accrued liability to its employees for accumulated vested vacation benefits of \$1,344,058 at December 31, 2006. The County's employment policy provides that vacation days can be carried over one year from the end of the calendar year in which they are earned. Vacation days are forfeited if they are not taken within the two-year period. This policy applies to all County employees except the Road Commission employees.

As of July 1, 1986, all accumulated sick leave for employees was frozen and placed in a bank. Regular full-time non-union employees with banked sick days may utilize them for illness. Unused sick days are maintained in the bank and the employee shall be paid for one-half of those unused days at the time the employee terminates employment. At December 31, 2006, the County has a liability of \$156,283 for the banked sick time recorded in the financial statements of the Banked Sick Pay Fund, an internal service fund. The County's current employment policy for sick leave calls for yearly payout of one-half of the unused

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

balance. The remaining one-half does not accumulate. This policy requires payment in the second payroll of the subsequent fiscal year and is accrued at year end.

FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted by the County Board of Commissioners for the general and special revenue funds. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect the actual revenues and expenditures for these funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The Board of Commissioners holds a public hearing and a final budget is adopted prior to December 31 and presented in a separate document. The County's department heads may make transfers of appropriations within a department, with the exception of a personnel services object. Transfers of appropriations between a personnel and non-personnel services object require prior approval of the Board of Commissioners. Transfers of appropriations between departments also require the approval of the Board. The level of budgetary control is the department level for the general fund and fund level for special revenue funds. The Finance Officer is authorized to transfer budget amounts, with the exception of personnel services, and to make authorized amendments to the original approved budget.

The Board of Commissioners made several supplemental budgetary appropriations throughout the year, including a net increase of \$2,380,705 in the general fund budget and net increases of \$3,738,713 in the special revenue funds. The general fund net increases were due primarily to additional grant activity, additional capital outlay, additional interest income and public improvement items. The special revenue fund increases were for similar reasons as the general fund.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are recorded at the time that the purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Encumbrances outstanding at December 31, 2006 do not lapse but are reserved within the fund balance and brought forward to the new fiscal year.

NOTE C – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. The

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

approved budgets of the County were adopted on a department level basis for the general fund and the fund level for the special revenue funds.

Excess of expenditures over appropriations in individual funds are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund:			
General government:			
Elections	\$ 34,750	\$ 83,097	\$ 48,347
Crime victim services	131,650	132,255	605
Public safety:			
Detectives bureau	650,128	674,462	24,334
O.M.N.I. services	344,090	413,271	69,181
Road patrol	4,201,246	4,463,810	262,564
Youth services	446,435	466,141	19,706
Secondary road patrol	360,660	361,956	1,296
Animal control	377,056	380,321	3,265
COPS in schools	165,227	170,010	4,783
Health and welfare -			
Area Wide Water Quality Board	7,000	7,055	55
Recreation and cultural -			
Toledo Met Area Council of Governments	8,753	8,977	224

These over-expenditures were funded by available fund balance.

NOTE D - DEPOSITS, INVESTMENTS AND SECURITIES LENDING

Following is a reconciliation of deposits and investments as of December 31, 2006:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and cash equivalents	\$ 31,528,660	\$16,880,828	\$ 48,409,488
Investments	8,298,462	-	8,298,462
Restricted cash and cash equivalents	366,121	10,471,435	10,837,556
Statement of Fiduciary Net Assets:			
Cash and cash equivalents	2,699,114	-	2,699,114
Investments	194,203,205	-	194,203,205
Total	<u>\$237,095,562</u>	<u>\$27,352,263</u>	<u>\$264,447,825</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Deposit and Investments:

Bank deposits (checking and savings accounts, and certificates of deposit)	\$ 61,939,849
Investments in securities, mutual funds and similar vehicles:	
Treasurer's investment pool	8,298,462
Employees' retirement system	176,947,461
Retiree health insurance fund	17,255,744
Cash on hand	6,309
Total	<u>\$264,447,825</u>

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2006, \$63,787,593 of the County's total bank balance of \$65,890,860 (total book balance was \$61,939,849) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the Treasurer's investment pool as of December 31, 2006:

U.S. agencies	\$5,208,829
Money market	<u>\$3,089,633</u>
Total	<u>\$8,298,462</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations. Ratings are not required for money market funds.

As of December 31, 2006, all of the Treasurer's investment pool in securities of U.S. agencies were rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At December 31, 2006, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	62.8%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2006, all of the County's debt securities in the Treasurer's investment pool were scheduled to mature in 2008 and 2009. All of the debt securities are callable.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Employees Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2006:

Investments at fair value, as determined by quoted market price:	
U.S. treasuries	\$ 15,358,063
U.S. agencies:	
Not on securities loan	4,671,577
On securities loan	14,082,364
Foreign government bonds	12,184,739
Corporate bonds:	
Not on securities loan	22,138,768
On securities loan	588,143
Bond mutual fund	1,450,896
Domestic equities:	
Not on securities loan	29,142,429
On securities loan	21,824,290
International equities	9,833,815
American depository receipts	33,205,965
Real estate investment trusts	1,091,555
Collateralized mortgage obligations	2,039,359
Money market	<u>9,335,498</u>
Total investments	<u>\$176,947,461</u>

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in domestic and foreign stocks, government securities, corporate securities, mortgages, real estate and various other investment instruments, subject to certain limitations.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

As of December 31, 2006, the System's investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Foreign government bonds</u>	<u>Corporate bonds</u>	<u>Collateralized mortgage obligations</u>
AAA	\$17,333,134	\$ 9,625,160	\$ 1,881,479	\$2,039,359
AA	-	209,579	2,762,766	-
AA-	1,420,807	-	3,860,186	-
A+	-	1,132,224	6,607,829	-
A	-	-	4,270,348	-
A-	-	1,217,776	2,075,326	-
BBB+	-	-	768,837	-
BBB	-	-	500,140	-
	<u>\$18,753,941</u>	<u>\$12,184,739</u>	<u>\$22,726,911</u>	<u>\$2,039,359</u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The System's investments in bond mutual and money market funds are not rated.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no manager will hold more than 5% of its portion of the total fund in any single company and no more than 5% may be held in any single common stock. At December 31, 2006 the System's investment portfolio was not concentrated.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

As of December 31, 2006, maturities of the System's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$15,358,063	\$ 197,836	\$7,658,394	\$3,695,210	\$ 3,806,623
U.S. agencies	18,753,941	1,779,845	7,842,200	4,664,135	4,467,761
Foreign governments	12,184,739	2,296,971	4,768,338	4,504,076	615,354
Corporate bonds	22,726,911	2,820,904	13,171,046	6,734,961	-
CMO	2,039,359	-	-	-	2,039,359
	<u>\$71,063,013</u>	<u>\$7,095,556</u>	<u>\$33,439,978</u>	<u>\$19,598,382</u>	<u>\$10,929,097</u>

Of the above balances, \$2,375,139 of corporate securities was callable.

Foreign Currency Risk. Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System's exposure to foreign currency risk is summarized as follows:

<u>Investment/Country</u>	<u>Currency</u>	<u>Fair Value (in U.S. Dollars)</u>
Foreign government bonds		
Australia	Australian dollar	\$ 1,807,485
Canada	Canadian dollar	2,506,068
Germany	European euro	2,088,700
Malaysia	Malaysian ringgit	341,531
New Zealand	New Zealand dollar	424,274
Poland	Polish zloty	1,217,776
Singapore	Singapore dollar	1,153,475
South Africa	South African rand	790,693
Sweden	Swedish krona	1,142,242
United Kingdom	British pound	712,495
		<u>12,184,739</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

<u>Investment/Country</u>	<u>Currency</u>	<u>Fair Value (in U.S. Dollars)</u>
International equities		
Australia	Australian dollar	\$ 173,228
Bermuda	Bermudian dollar	703,340
Brazil	Brazilian real	-
Canada	Canadian dollar	3,061,663
Cayman Islands	Cayman Islands dollar	775,690
France	European euro	499,758
Germany	European euro	780,444
Israel	Israeli new shekel	169,814
Italy	European euro	157,247
Japan	Japanese yen	218,687
Luxembourg	European euro	415,084
Netherlands	European euro	841,577
Panama	Panamanian balboa	171,653
Portugal	European euro	256,846
Singapore	Singapore dollar	299,513
Spain	European euro	342,176
Sweden	Swedish krona	223,974
Switzerland	Swiss franc	333,022
United Kingdom	British pound	410,100
		<u>9,833,816</u>
Total		<u>\$22,018,555</u>

In addition, as part of a foreign currency overlay plan in conjunction with the foreign government bonds, the System has entered into certain forward contracts (derivatives) to reduce overall portfolio volatility caused by foreign currency risk.

Following is a summary of these forward contracts, for which a liability in the amount of \$154,112 as of December 31, 2006, representing the fair value of those contracts, has been reported in the accompanying statements of plan net assets:

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

<u>Investment/Currency</u>	<u>Current Maturity Date</u>	<u>Receivable (Payable) (in U.S. Dollars)</u>
Australian dollars payable	05/18/07	\$(1,805,804)
European euros payable	03/23/07	(1,209,635)
European euros payable	05/25/07	(822,454)
Japanese yen receivable	05/24/07	3,606,742
Japanese yen receivable	05/25/07	810,192
New Zealand dollars payable	05/18/07	(621,372)
United Kingdom pounds payable	03/19/07	(704,773)
United States dollars payable	05/24/07	(3,678,000)
United States dollars receivable	03/19/07	701,630
United States dollars receivable	03/23/07	1,154,327
United States dollars receivable	05/18/07	<u>2,415,035</u>
Net contracts payable		<u>\$ (154,112)</u>

Securities Lending. A contract approved by the System's Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Retiree Health Insurance Fund Investments

The Retiree Health Insurance Fund (RHIF) investments are similarly governed by Public Act 314 of 1965 and follow the investment policies of the Employees' Retirement System, although the RHIF is independent of the System. The RHIF's investments are held by an independent investment management company.

Following is a summary of the RHIF's investments as of December 31, 2006:

**Investments at fair value, as determined
by quoted market prices:**

U.S. treasuries	\$ 1,029,177
U.S. agencies	2,275,197
Corporate bonds	2,640,278
Domestic equities	9,830,267
Bond mutual funds	910,710
Money market funds	<u>570,115</u>

Total investments **\$ 17,255,744**

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The RHIF's investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks. As of December 31, 2006, the RHIF's investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Corporate bonds</u>
AAA	\$2,042,747	\$ 419,885
AA	-	618,385
AA-	232,450	842,291
A+	-	328,884
A	-	131,981
A-	-	163,108
BBB+	-	29,294
BBB	<u>-</u>	<u>106,450</u>
	<u>\$2,275,197</u>	<u>\$2,640,278</u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The RHIF's investments in bond mutual and money market funds are not rated.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the RHIF will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The RHIF's investment policy requires that securities be held in trust by a third-party institution in the RHIF's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the RHIF's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the RHIF's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the RHIF's investment in a single issuer. The RHIF's investment policy requires that no manager will hold more than 5% of its portion of the total fund in any single company and no more than 5% may be held in any single common stock. At December 31, 2006 the RHIF's investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal National Mortgage Association	6.0%
	Federal Home Loan Mortgage Corporation	5.2%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The RHIF's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2006, maturities of the RHIF's debt securities were as follows:

	<u>Investment Maturities (fair value by years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$1,029,177	\$ -	\$ 711,834	\$ 317,343	\$ -
U.S. agencies	2,275,197	168,740	1,005,568	552,884	548,005
Corporate bonds	2,640,278	224,713	1,395,725	816,340	203,500
	<u>\$5,944,652</u>	<u>\$393,453</u>	<u>\$3,113,127</u>	<u>\$1,686,567</u>	<u>\$751,505</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

NOTE E - RECEIVABLES

Receivables in the governmental activities are as follows:

Accounts	\$ 25,636
Interest	33,521
Current taxes	13,519,444
Other agencies and governments	<u>3,625,739</u>
Total	<u>\$ 17,204,340</u>

Receivables for the business-type activities are composed of amounts due from taxpayers for delinquent taxes and related interest and collections fees; and loans receivable for housing rehabilitation programs.

Governmental funds report deferred revenue in connection with receivables that are not available to liquidate liabilities of the current period, and with resources that have been received, but not earned. At year end, deferred revenue reported in the governmental funds, and the unearned revenue in the governmental activities based on the nature of the respective items, was comprised of the following:

Property taxes receivable:	
General fund	\$ 970,952
Senior citizen fund	3,017,983
Grant drawdowns prior to meeting all eligibility requirements	<u>29,993</u>
	<u>\$4,018,928</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2006, is as follows:

	<u>Receivable</u>	<u>Payable</u>
<u>Due to/from other funds</u>		
General fund	\$ -	\$ 493,865
County health fund	106,650	-
Federal prisoner housing fund	385,000	600,000
Nonmajor governmental funds	<u>1,294,215</u>	<u>692,000</u>
Total	<u>\$1,785,865</u>	<u>\$1,785,865</u>
<u>Advances to/from other funds</u>		
General fund	\$200,000	\$ -
Nonmajor governmental fund	239,474	50,000
Internal service funds	<u>-</u>	<u>389,474</u>
Total	<u>\$439,474</u>	<u>\$439,474</u>
<u>Advances to/from primary government and component units</u>		
Primary government - General fund	\$600,000	\$ -
Component unit - Drain Commission	<u>-</u>	<u>600,000</u>
Total	<u>\$600,000</u>	<u>\$600,000</u>

The County reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the basic financial statements. These interfund balances resulted primarily from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund advances are provided for working capital, and are long-term in nature.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

A summary of interfund transfers for the year ended December 31, 2006 is as follows:

<u>Transfers out:</u>	<u>Transfers in:</u>				<u>Total</u>
	<u>General Fund</u>	<u>County Health Fund</u>	<u>Federal Prisoner Housing Fund</u>	<u>Nonmajor Governmental Funds</u>	
General fund	\$ -	\$915,587	\$1,788,201	\$ 8,951,354	\$11,655,142
County health fund	-	-	-	112,900	112,900
Revenue sharing reserve fund	2,649,286	-	-	-	2,649,286
Senior citizen fund	150,932	-	-	-	150,932
Nonmajor governmental funds	5,916	-	-	3,290,704	3,296,620
Delinquent tax revolving fund	550,000	-	-	780,250	1,330,250
Internal service funds	<u>515,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,000</u>
Total	<u>\$3,871,134</u>	<u>\$915,587</u>	<u>\$1,788,201</u>	<u>\$13,135,208</u>	<u>\$19,710,130</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

NOTE G - CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 105,000	\$ -	\$ -	\$ 105,000
Collections	25,000	25,000	-	50,000
Construction in progress	-	304,525	-	304,525
Total capital assets, not being depreciated	<u>130,000</u>	<u>329,525</u>	<u>-</u>	<u>459,525</u>
Capital assets, being depreciated:				
Land improvements	520,137	207,063	-	727,200
Buildings and improvements	48,973,293	621,036	18,828	49,575,501
Machinery and equipment	12,966,830	1,962,572	1,295,154	13,634,248
Vehicles	<u>2,026,581</u>	<u>217,944</u>	<u>-</u>	<u>2,244,525</u>
Total capital assets being depreciated	<u>64,486,841</u>	<u>3,008,615</u>	<u>1,313,982</u>	<u>66,181,474</u>
Less accumulated depreciation for:				
Land improvements	327,210	30,963	-	358,173
Buildings and improvements	29,654,781	1,351,801	18,828	30,987,754
Machinery and equipment	3,244,928	1,490,489	1,295,154	3,440,263
Vehicles	<u>1,333,847</u>	<u>298,723</u>	<u>-</u>	<u>1,632,570</u>
Total accumulated depreciation	<u>34,560,766</u>	<u>3,171,976</u>	<u>1,313,982</u>	<u>36,418,760</u>
Total capital assets being depreciated, net	<u>29,926,075</u>	<u>(163,361)</u>	<u>-</u>	<u>29,762,714</u>
Governmental activities capital assets, net	<u>\$30,056,075</u>	<u>\$ 166,164</u>	<u>\$ -</u>	<u>\$30,222,239</u>
Business-type activities:				
Machinery and equipment				
Capital assets, being depreciated	\$ 305,499	\$ 7,937	-	\$ 313,436
Less accumulated depreciation	<u>274,106</u>	<u>15,182</u>	<u>-</u>	<u>289,288</u>
Business-type activities capital assets, net	<u>\$ 31,393</u>	<u>\$ (7,245)</u>	<u>-</u>	<u>\$ 24,148</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Depreciation expense was charged to functions or programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,031,990
Public safety	1,778,283
Public works	4,560
Health and welfare	164,360
Recreation and culture	133,207
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>59,576</u>
Total depreciation expense-governmental activities	<u>\$3,171,976</u>

Discretely Presented Component Units

Capital asset activity for the discretely presented component units for fiscal 2006 was as follows:

Monroe County Road Commission

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 746,812	\$ -	\$ -	\$ 746,812
Land improvements - infrastructure	<u>12,316,534</u>	<u>998,142</u>	<u>-</u>	<u>13,314,676</u>
Total capital assets, not being depreciated	<u>13,063,346</u>	<u>998,142</u>	<u>-</u>	<u>14,061,488</u>
Capital assets, being depreciated:				
Land improvements	148,978	26,054	-	175,032
Buildings	4,174,895	1,000	-	4,175,895
Equipment and storage	11,268,239	517,919	213,247	11,572,911
Infrastructure	<u>142,971,996</u>	<u>11,650,717</u>	<u>-</u>	<u>154,622,713</u>
Total capital assets, being depreciated	<u>158,564,108</u>	<u>12,195,690</u>	<u>213,247</u>	<u>170,546,551</u>
Less accumulated depreciation for:				
Land improvements	58,462	11,537	-	69,999
Buildings	1,706,820	191,116	-	1,897,936
Equipment and storage	8,611,023	727,465	205,381	9,133,107
Infrastructure	<u>66,011,420</u>	<u>7,780,320</u>	<u>-</u>	<u>73,791,740</u>
Total accumulated depreciation	<u>76,387,725</u>	<u>8,710,438</u>	<u>205,381</u>	<u>84,892,782</u>
Total capital assets, being depreciated, net	<u>82,176,383</u>	<u>3,485,252</u>	<u>7,866</u>	<u>85,653,769</u>
Road Commission capital assets, net	<u>\$ 95,239,729</u>	<u>\$ 4,483,394</u>	<u>\$ 7,866</u>	<u>\$ 99,715,257</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Community Mental Health Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 54,000	\$ -	\$ -	\$ 54,000
Capital assets, being depreciated:				
Buildings and improvements	693,832	-	-	693,832
Equipment and furnishings	1,087,950	189,428	25,925	1,251,453
Vehicular equipment	<u>591,480</u>	<u>218,400</u>	<u>24,204</u>	<u>784,676</u>
Total capital assets, being depreciated	2,373,262	407,828	51,129	2,729,961
Less accumulated depreciation:	<u>1,420,491</u>	<u>222,853</u>	<u>25,013</u>	<u>1,618,331</u>
Total capital assets, being depreciated, net	<u>952,771</u>	<u>184,975</u>	<u>26,116</u>	<u>1,111,630</u>
Community Mental Health capital assets, net	<u>\$ 1,006,771</u>	<u>\$184,975</u>	<u>\$26,116</u>	<u>\$1,165,630</u>

Monroe County Library System

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Library collection	\$7,910,866	\$715,901	\$ 377,157	\$8,249,610
Capital assets, being depreciated:				
Buildings and improvements	332,794	-	-	332,794
Equipment and furnishings	906,984	34,823	-	941,807
Vehicular equipment	<u>118,887</u>	<u>28,023</u>	<u>24,119</u>	<u>122,791</u>
Total capital assets, being depreciated	1,358,665	62,846	24,119	1,397,392
Less accumulated depreciation	<u>619,652</u>	<u>168,844</u>	<u>24,119</u>	<u>764,377</u>
Total capital assets, being depreciated, net	<u>739,013</u>	<u>(105,998)</u>	<u>-</u>	<u>633,015</u>
Monroe County Library System capital assets, net	<u>\$8,649,879</u>	<u>\$609,903</u>	<u>\$ 377,157</u>	<u>\$8,882,625</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Monroe County Drain Commission

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Infrastructure	\$32,277,991	\$1,652,000	\$ -	\$33,929,991
Less accumulated depreciation	<u>8,870,234</u>	<u>485,222</u>	<u>-</u>	<u>9,355,456</u>
Drain Commission capital assets, net	<u>\$23,407,757</u>	<u>\$1,166,778</u>	<u>\$ -</u>	<u>\$24,574,535</u>

County Agency Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and rights of way	\$ 172,557	\$ -	\$ -	\$ 172,557
Construction in progress	<u>2,259,255</u>	<u>4,743,291</u>	<u>191,502</u>	<u>6,811,044</u>
Total capital assets, not being depreciated	<u>2,431,812</u>	<u>4,743,291</u>	<u>191,502</u>	<u>6,983,601</u>
Capital assets, being depreciated:				
Utility plant in service	24,781,430	191,502	-	24,972,932
Buildings and improvements	602,818	40,326	-	643,144
Equipment	430,807	5,388	-	436,195
Vehicles	<u>765,239</u>	<u>8,495</u>	<u>-</u>	<u>773,734</u>
Total capital assets, being depreciated	26,580,294	245,711	-	26,826,005
Less accumulated depreciation	<u>9,603,713</u>	<u>517,990</u>	<u>-</u>	<u>10,121,703</u>
Total capital assets, being depreciated, net	<u>16,976,581</u>	<u>(272,279)</u>	<u>-</u>	<u>16,704,302</u>
County Agency capital assets, net	<u>\$19,408,393</u>	<u>\$4,471,012</u>	<u>\$191,502</u>	<u>\$23,687,903</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

NOTE H - LONG-TERM DEBT

Primary Government

Long-term liability activity for governmental activities for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
Building Authority, Series 1990	\$ 175,000	\$ -	\$ 175,000	\$ -	\$ -
Building Authority, Series 1994 (refunding)	610,000	-	610,000	-	-
Building Authority, Series 1998	500,000	-	500,000	-	-
Building Authority, Series 1998B	<u>5,810,000</u>	<u>-</u>	<u>325,000</u>	<u>5,485,000</u>	<u>340,000</u>
Total general obligation bonds	7,095,000	-	1,610,000	5,485,000	340,000
Installment obligations	2,351,743	-	641,344	1,710,399	665,358
Compensated absences	<u>1,306,225</u>	<u>1,344,058</u>	<u>1,306,225</u>	<u>1,344,058</u>	<u>1,344,058</u>
	<u>\$10,752,968</u>	<u>\$1,344,058</u>	<u>\$3,557,569</u>	<u>\$8,539,457</u>	<u>\$2,349,416</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

General Obligation Bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Building Authority, Series 1998B	4.0%-6.0%	2018	<u>\$5,485,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 340,000	\$ 220,140
2008	360,000	200,670
2009	375,000	183,900
2010	395,000	168,500
2011	415,000	152,300
2012-2016	2,430,000	487,400
2017-2018	<u>1,170,000</u>	<u>47,400</u>
Total	<u>\$5,485,000</u>	<u>\$1,460,310</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Installment Obligations. The County has entered into a long-term installment payment agreement for interoperable communications equipment for public safety agencies. The original amount of installment obligations issued during fiscal year 2004 was \$3,300,000 for the primary government. Installment obligations outstanding at year-end amount to \$1,710,399 with interest at 3.71 percent.

Annual debt service requirements to maturity for installment obligations are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 665,358	\$57,341
2008	690,272	32,428
2009	354,769	6,581
Total	<u>\$1,710,399</u>	<u>\$96,350</u>

Discretely Presented Component Units

Long-term debt activity for the discretely presented component units for fiscal 2006 was as follows:

Road Commission

The debt of the Road Commission as of December 31, 2006, is summarized as follows:

	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
1999 Michigan Transportation Fund Bonds, Series 1999	4.5%-5.0%	2012	\$1,290,000
2002 Michigan Transportation Fund Notes, Series 2002	3.375%-4.00%	2012	2,100,000
2005 Michigan Transportation Fund Bonds, Series 2005	3.00%-3.85%	2017	2,100,000
2005 Michigan Transportation Fund Notes, Series 2005	3.80%	2010	600,000
Installment lease purchase agreements	4.00%-8.00%	2008	335,627
Total bonded and other contractual indebtedness			<u>\$6,425,627</u>

Bonds and notes payable include the following:

The 1999 and 2005 Michigan Transportation Fund Bonds were issued by the County on behalf of the Road Commission. The Road Commission is a co-signer on these bond agreements and is solely responsible for the repayment of these bonds.

The 2002 and 2005 Michigan Transportation Fund Notes have been issued in accordance with the statutory requirements of Michigan Public Act 143 of 1943, as amended. The financing from these notes will be used to fund improvements on county highways.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

The installment lease purchase agreements consist of multi-equipment obligations, including two Cat loaders, two Cat graders and an asphalt trailer.

Following is a summary of long-term debt transactions of the Road Commission for the year ended December 31, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
1999 Michigan Transportation Fund Bonds, Series 1999	\$1,470,000	\$ -	\$ 180,000	\$1,290,000	\$190,000
2002 Michigan Transportation Fund Notes, Series 2002	2,450,000	-	350,000	2,100,000	350,000
2005 Michigan Transportation Fund Bonds, Series 2005	750,000	-	150,000	600,000	150,000
2005 Michigan Transportation Fund Notes, Series 2005	2,200,000	-	100,000	2,100,000	150,000
Installment lease purchase agreements	446,533	-	110,906	335,627	72,182
Installment agreements – State audit	123,225	-	123,225	-	-
Provision for workers compensation losses	-	377,000	-	377,000	-
Compensated absences	<u>565,224</u>	<u>30,214</u>	<u>-</u>	<u>595,438</u>	<u>-</u>
Total Road Commission	<u>\$8,004,982</u>	<u>\$407,214</u>	<u>\$1,014,131</u>	<u>\$7,398,065</u>	<u>\$912,182</u>

Annual debt service requirements to maturity for the bonds, notes and lease purchase agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 912,182	\$ 247,323	\$1,159,505
2008	1,113,445	213,548	1,326,993
2009	860,000	170,483	1,030,483
2010	920,000	135,915	1,055,915
2011	780,000	98,575	878,575
2012-2016	1,590,000	178,225	1,768,225
2017	<u>250,000</u>	<u>9,625</u>	<u>259,625</u>
Total	<u>\$6,425,627</u>	<u>\$1,053,694</u>	<u>\$7,479,321</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Community Mental Health Authority

Following is a summary of the changes in the long-term debt of the Community Mental Health Authority:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$223,496	\$249,466	\$223,496	\$249,466	\$249,466
Capital leases	18,396	-	5,966	12,430	5,966
Total Community Mental Health Authority	<u>\$241,862</u>	<u>\$249,466</u>	<u>\$229,462</u>	<u>\$261,896</u>	<u>\$255,432</u>

Operating Leases

The Authority has entered into various operating leases for the use of real and personal property. Operating leases do not give rise to property rights or lease obligations, and therefore, the lease agreements are not reflected in the government-wide financial statements or the fund financial statements. At September 30, 2006, the Authority was committed, subject to cancellation provisions, for rental payments under operating leases as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2007	\$299,116
2008	211,968
2009	180,650
2010	170,732
2011	<u>119,447</u>
Total	<u>\$981,913</u>

Library System

Following is a summary of the changes in the long-term liabilities of the Library System:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$258,929</u>	<u>\$206,129</u>	<u>\$180,890</u>	<u>\$284,168</u>	<u>\$ -</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Drain Commission

Drain bonds and notes are issued for the construction and maintenance of County drains. Bonds and notes issued by the Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Monroe.

Long-term liability activity for the Drain Commission for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
1996 Drainage District Bonds (limited tax general obligation bonds; original issuance \$1,340,000); annual installments of \$65,000-\$115,000 through 2016; interest at 5.6% to 6.0%	\$945,000	\$ -	\$60,000	\$885,000	\$65,000
Drainage district notes payable	<u>406,300</u>	<u>162,000</u>	<u>249,600</u>	<u>318,700</u>	<u>146,100</u>
	<u>\$1,351,300</u>	<u>\$162,000</u>	<u>\$309,600</u>	<u>\$1,203,700</u>	<u>\$146,100</u>

Annual debt service requirements to maturity for drain bonds and notes are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 311,100	\$ 61,358
2008	122,600	49,527
2009	95,000	43,161
2010	80,000	37,713
2011	85,000	32,866
2012-2016	<u>510,000</u>	<u>80,266</u>
Total	<u>\$1,203,700</u>	<u>\$304,891</u>

County Agency

The County has issued general obligation bonds for various waterworks and sewage disposal systems under Act 342, P.A. 1939, as amended. These bonds are supported by a pledge of the County's full faith and credit as well as by the various local units which make payments through contractual agreements with the County to meet the principal and interest of these bonds; title passes to the local unit when the debt is retired.

The following is a summary of changes in long-term debt of the County Agency for the year ended December 31, 2006:

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$54,815,000	\$815,000	\$3,920,000	\$51,710,000	\$4,140,000
Unamortized issuance discounts	(42,450)	-	(2,150)	(40,300)	-
Compensated absences	<u>87,856</u>	<u>94,040</u>	<u>87,856</u>	<u>94,040</u>	<u>94,040</u>
	<u>\$54,860,406</u>	<u>\$909,040</u>	<u>\$4,005,706</u>	<u>\$51,763,740</u>	<u>\$4,234,040</u>

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2006, excluding compensated absences, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 4,140,000	\$ 2,099,368
2008	4,090,000	1,922,388
2009	3,945,000	1,752,055
2010	3,750,000	1,590,789
2011	2,260,000	993,982
2012-2016	14,750,000	5,456,129
2017-2021	11,395,000	2,879,717
2022-2026	6,350,000	873,312
2027-2031	<u>1,030,000</u>	<u>101,681</u>
Total	<u>\$51,710,000</u>	<u>\$17,669,421</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

NOTE I - PENSION PLAN

Plan Description

The Monroe County Employees Retirement Plan (the Plan) is a single-employer defined benefit pension plan administered by the Monroe County Employees Retirement System Board of Trustees (the Board). The Plan covers substantially all full-time employees of the County and discretely presented component units. The Plan was adopted and established by Monroe County in accordance with Michigan Compiled Laws, Section 46.12a.

The Plan provides retirement, deferred allowance, disability and death benefits to plan members and their beneficiaries in accordance with the County's retirement plan ordinance. The Plan also provides retiree health care benefits to the employees of the Monroe County Library. All other covered employees receive retiree health care benefits through a separate plan (See Note J). Benefit provisions are established and may be amended by the Board.

The Monroe County Employees Retirement System's financial statements are included in the financial statements of Monroe County as a pension trust fund. A separate, publicly available financial report that includes financial statements and required supplementary information is also issued. That report may be obtained by writing to the Monroe County Employees Retirement System, 125 East Second Street, Monroe, Michigan 48161-2197.

Basis of Accounting

The Monroe County Employees Retirement System's financial statements are prepared using the accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 26, "Financial Reporting for Postemployment Health Care Plan Administered by Defined Benefit Pension Plans." Plan contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Funding Policy

Plan employers (General County, Monroe County Library, Monroe County Road Commission, Monroe County Drain Commission, County Agency, and Monroe County Community Mental Health Authority) are required to make periodic contributions that are expressed as percentages of their annual covered payrolls. These contributions are determined as part of an actuarial valuation, using the entry age normal cost method, and are designed to accumulate sufficient assets to pay benefits when due. Normal cost is funded on a current basis. Unfunded and overfunded actuarial accrued liabilities are being amortized as a level percent of payroll over periods ranging from 7 to 15 years depending on plan employer. Significant actuarial assumptions used include (a) a 7.0 percent investment rate of return, (b) projected salary increases ranging from 5.0 percent to 12.0 percent per year, and (c) no cost of living adjustments other than 4.5 percent for certain Road Commission members. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

Plan members may also be required to contribute up to 5.0 percent of their covered salary, depending on the bargaining unit. Employees of the Road Commission contribute 3.1 percent of their annual earnings. Employees of the Sheriff (consisting of deputies, command officers, jail and corrections officers) and Central Dispatch departments contribute 3.0 percent of the first \$7,800 in earnings and 5.0 percent of all earnings thereafter. All other General County employees, along with the employees of the Library System, Drain Commission, County Agency and Community Mental Health Authority, are not required to contribute.

The funding requirements for the Monroe County Employees Retirement Plan are established and may be amended by the Monroe County Employees Retirement System Board of Trustees.

Annual Pension Cost

For the year ended December 31, 2006, contributions, with the rate of annual covered payroll by class of employee, were made as follows (based on actuarial valuation as of December 31, 2004):

Employer contributions:

General County:		
Central Dispatch	\$ 162,232	19.43%
Sheriff	1,164,113	12.72%
Other	1,061,104	7.11%
Road Commission	725,375	15.03%
County Agency	54,339	3.54%
Community Mental Health	3,032	0.05%
	<u>\$3,170,195</u>	

Employee contributions:

General County:	
Central Dispatch	\$ 9,847
Sheriff	161,398
Road Commission	157,880
	<u>\$329,125</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Three-Year Trend Information

<u>Year Ended December 31</u>	<u>Annual Pension Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>
2004	\$1,411,037	100%
2005	2,034,222	100%
2006	3,170,195	100%

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>(Unfunded) AAL Overfunded (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((a-b)/c)</u>
12/31/03	\$162,683,115	\$139,141,015	\$23,542,100	116.9%	\$37,862,618	62.2%
12/31/04	162,725,639	150,510,011	12,215,628	108.1%	38,712,508	31.6%
12/31/05	163,151,579	163,641,875	(490,296)	99.7%	41,047,874	(1.2)%

Note: Values take into account all System benefits except retiree health care benefits.

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Primary Government (including Drain Commission and County Agency)

Plan Description. The Monroe County Retiree Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Retiree Health Care Board (the Board). The Plan was adopted and established by the Monroe County Board of Commissioners. The Plan provides postemployment healthcare and life insurance benefits to eligible retirees of the primary government, Drain Commission and County Agency (collectively referred to as the “County” for purposes of this note), in accordance with the various labor contracts and personnel policies. Eligible retirees are those individuals who meet the requirements to receive retirement benefits pursuant to the Monroe County Employees Retirement System, except for employees hired on or after October 28, 2003, who receive no benefits under the Plan.

The Plan is reported as an other employee benefit trust fund in the accompanying financial statements. The Plan does not issue a separate or stand-alone report.

Basis of Accounting. The Plan’s financial statements are prepared using the accrual basis of accounting. Plan contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Method Used to Value Investments. Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Plan Membership. Plan membership consisted of the following at December 31, 2005 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	374
Terminated employees entitled to but not yet receiving benefits	-
Active participants	598

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners, subject to applicable labor contracts. Active plan members hired before January 1, 1996 are not required to contribute; those hired between January 1, 1996 and December 31, 1998 are required to contribute 1.5% of their covered payroll to the Plan; and those hired between January 1, 1999 and October 28, 2003 are required to contribute 3.0% of covered payroll. Additionally, plan members receiving healthcare benefits contribute on a sliding scale basis for spouse and dependent coverage, ranging from 0% to 50% of the monthly premium, based on years of service; plan members receiving benefits are not required to contribute towards their own individual coverage. Total contributions from active plan members and from plan members receiving benefits were \$246,811 or 11.7% of total premiums for 2006.

The County is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 17.1% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation. For 2006, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 4,374,135
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	4,374,135
Contributions made	<u>(5,577,801)</u>
Increase in net OPEB obligation (asset)	(1,203,666)
Net OPEB obligation (asset), beginning of year	<u>-</u>
Net OPEB obligation (asset), end of year	<u>\$ (1,203,666)</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2006, which is the first year for OPEB obligation determination, was as follows:

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (asset)</u>
12/31/06	\$4,374,135	\$5,577,801	127.5%	\$(1,203,666)

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2005, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 80,736,245
Actuarial value of plan assets	<u>12,404,997</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 68,331,248</u>
Funded ratio	15.4%
Covered payroll (active plan members)	\$ 25,441,192
UAAL as a percentage of covered payroll	268.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/05
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	18 to 26 years depending on division
Asset valuation method	5-year smoothing

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Actuarial assumptions:

Investment rate of return	7.0%
Projected salary increases	7.0%
Healthcare inflation rate	12.0% initially; 4.0% ultimately

Road Commission

Plan Description. The Road Commission provides retiree health and life insurance benefits to all full-time employees, in accordance with labor contracts and personnel policy. Currently, 74 retirees and/or surviving spouses are eligible for health and life insurance benefits. Participants are required to contribute 3.1 percent of their compensation to the plan. This is a single employer plan administered by the Road Commission. The plan does not issue a separate stand alone financial statement.

Funding Policy. The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). Expenditures for postemployment health care and life insurance benefits are recognized as the insurance premiums become due, which amounted to approximately \$860,000, net of approximately \$37,000 reimbursed by the retirees. The Road Commission also incurred expenditures of \$100,000 to advance-fund these benefits. These contributions were deposited in the Road Commission’s Retiree Health Care Trust fund, a fiduciary fund type that is presented in the Road Commission’s stand-alone report.

Funding progress. For the year beginning January 1, 2007, the Road Commission has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2001. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation’s computed contribution is 29.44% of payroll, which approximates \$1,113,112, based on 2001 covered payroll.

The current funding progress of the plan is as follows:

Valuation date December 31, 2001

Actuarial value of assets	\$ -
Actuarial accrued liability	15,446,938
Unfunded AAL	15,446,938
Funded ratio	0.0%
Annual covered payroll	3,780,951
Ratio of UAAL to covered payroll	4.1 to 1

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Actuarial methods and assumptions. In the December 31, 2001 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 7.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 14% initially, reduced by decrements to an ultimate rate of 4.5% after 12 years. Both rates included a 4.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December, 31, 2001 was thirty years.

Community Mental Health Authority

Plan Description. The Authority provides certain postemployment healthcare benefits, in accordance with labor contracts and personnel policies, to all employees who retire from the Authority. To qualify, an individual must be employed by the Authority at the time of retirement.

Funding Policy. The Authority is on a pay-as-you-go funding policy, although it has pre-funded its plan by establishing a separate Retiree Healthcare Fund, which is reported as a fiduciary fund in the Authority's financial statements. The Authority's intent is to annually budget sufficient monies to contribute to the Fund based upon an actuarial valuation.

Library System

Plan Description. The Monroe County Library System contributes to the Retiree Health Care Benefits Plan and Trust which was adopted on December 17, 2001. The Monroe County Library Retiree Health Care Benefits Plan and Trust (Plan and Trust) was established under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999. The assets of the Plan and Trust shall be held in trust for the exclusive purpose of providing healthcare and life insurance benefits to eligible retirees and their beneficiaries who are receiving retirement benefits from the Monroe County Employees Retirement System. The Plan and Trust is a single-employer defined benefit postemployment healthcare plan, which is presented as a fiduciary fund type in the Library System's stand-alone report.

Funding Policy and Annual OPEB Cost. Employees hired before October 21, 2002, are not required to contribute toward the cost of health insurance premiums. Employees hired after October 21, 2002, will earn 5% toward retiree health care premium coverage for each year of full time service with the Library. Also, an inflation cap was put in place for employees hired after October 21, 2002. Any employee hired after October 21, 2002, will be required to pay for health care premium increases in excess of 5% annually of the premium in effect at retirement. The required contribution changes each year as a result of the experience of the Plan and Trust. Contributions are calculated as a percentage of payroll. The Library's contribution rate for 2006 was 19.83%. The Library's contribution to the Plan and Trust for 2006 was \$482,305 to fund retiree health benefits as a result of an actuarial valuation as of December 31, 2004. The contributions were equal to the annual other postemployment benefit cost (100% of the annual required contribution). The Library drew \$282,227 from the Plan and Trust during 2006 for current year benefits.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

Funded Status and Funding Progress. The funded status of the Plan and Trust as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Overfunded) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/05	\$1,396,975	\$7,795,198	\$6,398,223	17.9%	\$2,217,575	285.6%

Actuarial Methods and Assumptions. Significant methods and assumptions were as follows:

Valuation date	December 31, 2005
Actuarial cost method	Entry age
Amortization method	Level percent of pay
Remaining amortization period	26 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Healthcare cost trend rate	10.0% initial, 4.0% ultimate

NOTE K - RISK MANAGEMENT

Monroe County and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance plans for workers' compensation, unemployment, dental care, health care, and disability coverage. Each participating fund of the County makes payments to the respective internal service fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as other employee benefits in the paying fund and charges for services revenue in the receiving fund. The County has established liabilities for incurred but not reported claims (IBNR) in the worker's compensation, health care, dental care, unemployment, and long-term disability funds. Historical data was used as a basis for the development of the IBNR liabilities.

In 2006, there were no significant reductions in insurance coverage from prior year levels by major categories of risk. Also, there have been no settlements that exceeded insurance coverage during each of the past three fiscal years.

Worker's compensation self-insurance plan - The County has a self-insurance program for worker's

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

compensation accounted for in a separate internal service fund. An independent third party administrator processes the daily claims and performs internal control and management duties. Currently, the County self-insures \$550,000 in liability for each occurrence and purchases excess insurance through various reinsurance companies, for up to \$5,000,000 per occurrence. The fund has net assets of \$234,751 at December 31, 2006. The changes in estimated claims liability are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2005	\$246,139	\$253,791	\$387,606	\$112,324
2006	112,324	264,399	115,437	261,286

Health care self-insurance plan - The County offers health care options through two health maintenance organizations (HMOs), a preferred provider organization (PPO), or traditional coverage with Blue Cross Blue Shield. A separate internal service fund is used to account for health care self-insurance plan activities. The revenues for this fund's operation are charges to various funds and employee payroll withholdings. The fund has net assets of \$2,145,067 at December 31, 2006. The changes in the estimated claims liability are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2005	\$275,271	\$6,145,908	\$6,150,507	\$270,672
2006	270,672	5,893,836	5,641,347	523,161

Dental care self-insurance plan - The County has a self-insured plan for dental care coverage accounted for in a separate internal service fund. An independent administrator processes the daily claims and performs management duties. Benefits under the program are capped at \$800 per covered person annually. The revenues for this fund's operation are charges to various funds and payroll withholdings. The fund has net assets of \$216,530 at December 31, 2006. The changes in the estimated claims liability are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2005	\$ 32,481	\$383,059	\$373,307	\$ 42,233
2006	42,233	396,530	399,559	39,204

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

Unemployment self-insurance plan - The County is self-insured for unemployment and uses a separate internal service fund to account for unemployment claims. The revenues for this fund's operation are charges to various funds and payroll withholdings. The changes in the estimated claims liability are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2005	\$ 1,274	\$ 60,173	\$ 51,207	\$ 10,240
2006	10,240	34,539	37,316	7,463

Long-term disability plan - The County is self-insured for long term disability liabilities. A separate internal service fund is used to account for long-term disability claims. The revenues for this fund's operation are charges to various funds and payroll withholdings. An independent administrator is hired to process claims and to perform management duties. The changes in the estimated claims liability are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2005	\$ 16,444	\$278,468	\$281,858	\$ 13,054
2006	13,054	250,502	251,654	11,902

General liability self-insurance - The County is a voluntary member of the Michigan Municipal Risk Management Authority (MMRMA) established in January 1980, pursuant to laws of the State of Michigan which authorizes local units of government to exercise jointly any power, privilege or authority which each might exercise separately. The MMRMA administers a risk management fund providing Monroe County with loss protection for general and auto liability, and property and crime coverage. Under most circumstances the County's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$250,000
Property and crime coverage	\$11,000 - \$1,000 deductible and 10% of next \$100,000
Flood and earthquake	\$1,000

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

The administration of the MMRMA is directed by a 10-member Board of Directors composed of municipal representatives elected by the membership. The Board established the general policy of the MMRMA that creates and publishes rules to be followed by the Executive Director and Board, and is empowered with the authority to impose sanctions or terminate membership. The County's Finance Department has been designated the representative to the MMRMA to be responsible for the execution of all loss control measures, to ensure the payment of all annual, supplementary or other payment requirements, to ensure the filing of all required lawsuits, claims, litigation, and reporting, and to act as a liaison between the County and MMRMA.

The MMRMA provides risk management, underwriting, reinsurance, litigation oversight and claim services with member contributions allocated to meet these obligations. The MMRMA has reserves to pay losses incurred by members that exceed individual retention levels and are not covered under reinsurance agreements. Losses incurred within the established limits are general obligations of the MMRMA.

After Monroe County has paid the self-insured retention portion, the MMRMA and its reinsurers are responsible for paying losses, including damages, loss adjustment expense and defense costs, with the limits at \$15,000,000 per occurrence for liability coverage. For property losses, the MMRMA insures Monroe County property at replacement value for any property rebuilt or repaired. If not replaced, the property is adjusted at actual cash value. If for any reason the Authority's resources available to pay losses are depleted, the payment of all unpaid losses of Monroe County is the sole obligation of Monroe County.

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2006 the Authority had met the minimum requirements.

Monroe County uses a separate internal service fund to account for the activities of the retention fund held by MMRMA. At December 31, 2006, the fund has net assets of \$358,096.

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2005	\$222,389	\$390,715	\$319,263	\$293,841
2006	293,841	16,790	98,176	212,455

Road Commission Component Unit

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefits claims and participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to general liability, excess liability, auto liability, errors and omissions, and physical damage (equipment, building and contents). The Road Commission uses the Accident Fund of Michigan for workers' compensation insurance. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The county road commissions in the State of Michigan established a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (the "Pool") pursuant to the provisions of Act 138 of the Michigan Public Acts of 1982. The Pool provides for joint and cooperative action relative to members'

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities within the State.

The Pool program operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

NOTE L - RESTATEMENTS

The beginning net assets of governmental activities were increased by \$25,000 to properly account for certain capital assets that were contributed in the prior year.

Also, the beginning net assets of the Monroe County Community Mental Health Authority were reduced by \$388,604 for prior year cost settlement adjustment errors.

NOTE M - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County' counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

NOTE N - PROPERTY TAXES

Prior to 2005, the County property taxes were levied annually on December 1 (the lien date) to fund operations of the following year. The property taxes were due in full within 90 days (prior to March 1), at which time uncollected taxes became delinquent.

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this new law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one-hundred percent of the tax levy will take place on July 1. The Act also requires that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation.

For the year ended December 31, 2006, the County recognized the December 1, 2005 tax levy and the July 1, 2006 tax levy. As required, an amount equal to one-third of the December 2004 tax levy was placed in the Revenue Sharing Reserve Fund.

The assessed value of real and personal property is established by the local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. Property taxes are levied based on the *taxable value* of the property (as defined under Proposal A). Taxable value is determined by using such factors as equalized value, assessed value, and capped value, along with a value change multiplier.

The taxable value of real and personal property for the December 1, 2005 levy was \$5.59 billion. The general operating tax rate for this levy was at the maximum rate of 4.7952 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.5 mills for senior citizen services and 0.11 mills for jail bond debt.

The taxable value of real and personal property for the July 1, 2006 levy was \$5.89 billion. The general operating tax rate for this levy was at the maximum rate of 4.7952 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2006

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable. These receivables (\$4.3 million at December 31, 2006, not including accrued interest and collection fees) are pledged to a bank for payment of the notes payable and subsequent collection of the receivables, interest and collection fees thereon, and investment earnings are used to extinguish the debt.

The Monroe County Library System was authorized by a special election to levy 1.0 mills. The Library's 2006 property taxes were levied on December 1, 2005 on assessed valuations as of December 31, 2004. The taxable value for real and personal property for the year amounted to \$5,536,053,430 based on a percentage of the property's fair market value. Taxes levied December 1, 2006, totaling \$5,888,105 were recorded as taxes receivable and deferred revenue. At December 31, 2006, taxes receivable were \$5,888,105.

NOTE O – SUBSEQUENT EVENTS

In February 2007, the County issued \$8,600,000 of limited tax general obligation Building Authority bonds for fairground, library and mental health facilities capital projects.

The County also anticipates issuing \$1,775,000 of limited tax general obligation refunding bonds in May 2007 related to the Berlin Charter Township Water Supply System No. 2 bonds.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

COUNTY OF MONROE
Employees' Retirement System
Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded (Overfunded) AAL (UAAL)	Covered Payroll	UAAL as a Percentage of of Covered Payroll
12/31/96	\$ 93,061,504	\$ 78,450,435	118.6%	\$ (14,611,069)	\$ 26,643,235	-54.8%
12/31/97	105,788,939	87,098,801	121.5%	(18,690,138)	28,814,126	-64.9%
12/31/98	117,699,465	91,136,434	129.1%	(26,563,031)	29,309,641	-90.6%
12/31/99	132,836,297	97,650,685	136.0%	(35,185,612)	31,064,894	-113.3%
12/31/00	143,765,352	105,824,598	135.9%	(37,940,754)	32,749,688	-115.9%
12/31/01	150,304,504	116,359,159	129.2%	(33,945,345)	35,250,392	-96.3%
12/31/02	148,404,995	125,652,447	118.1%	(22,752,548)	35,895,185	-63.4%
12/31/03	162,683,115	139,141,015	116.9%	(23,542,100)	37,862,618	-62.2%
12/31/04	162,725,639	150,510,011	108.1%	(12,215,628)	38,712,508	-31.6%
12/31/05	163,151,579	163,641,875	99.7%	490,296	41,047,874	1.2%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Percentage Contributed
12/31/97	\$ 1,619,271	100.00%
12/31/98	1,110,338	100.00%
12/31/99	579,687	100.00%
12/31/00	197,395	100.00%
12/31/01	133,907	100.00%
12/31/02	41,744	100.00%
12/31/03	191,979	100.00%
12/31/04	1,411,037	100.00%
12/31/05	2,034,222	100.00%
12/31/06	3,170,195	100.00%

COUNTY OF MONROE
Retiree Health Plan
Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of of Covered Payroll
12/31/05	\$ 12,404,997	\$ 80,736,245	15.4%	\$ 68,331,248	\$ 25,441,192	268.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed	Net OPEB Obligation (asset)
12/31/06	\$ 4,374,135	\$ 5,577,801	127.52%	\$ (1,203,666)

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

General Fund

The ***General Fund*** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County Health Special Revenue Fund

The ***County Health Special Revenue Fund*** is used to account for revenue reserved for the purpose of providing health protection, maintenance, and improvement for the residents of Monroe County.

Revenue Sharing Special Revenue Fund

The ***Revenue Sharing Special Revenue Fund*** was permitted by Public Act 357 of 2004 which provides a funding mechanism to serve as a substitute to county revenue sharing payments. This substitute funding mechanism involves a gradual shift of county property tax millage from a winter tax levy to a summer tax levy and, additionally, required the establishment of a restricted fund.

Senior Citizen Special Revenue Fund

The ***Senior Citizen Special Revenue Fund*** controls the special tax levy and general fund appropriation for services and special programs for seniors.

Federal Prisoner Housing Fund

The ***Federal Prisoner Housing Fund*** is used to account for the activity of the second jail facility.

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues and Other Sources - by Source
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Taxes				
Current property taxes	\$ 26,788,771	\$ 26,788,771	\$ 28,114,160	\$ 1,325,389
Delinquent personal property taxes	45,000	45,000	65,798	20,798
Industrial facilities tax	813,471	813,471	995,188	181,717
Trailer tax	38,000	38,000	36,454	(1,546)
Payments in lieu of taxes	18,000	18,000	14,861	(3,139)
Total taxes	27,703,242	27,703,242	29,226,461	1,523,219
Licenses and permits				
Pistol permits	15,000	15,000	11,002	(3,998)
Other	202,125	202,125	163,864	(38,261)
Total licenses and permits	217,125	217,125	174,866	(42,259)
Intergovernmental				
SHSGR equipment grant	13,385	-	-	-
Emergency management division grant	20,000	27,492	24,178	(3,314)
Civil preparedness grant	51,151	51,151	-	(51,151)
SHSGP emergency planning grant	85,080	-	-	-
SHSGP solution area planner grant	32,250	-	-	-
SHSP state homeland security grant	684,036	901,681	602,102	(299,579)
Livescan grant	-	7,500	7,500	-
LETPP - law enforcement	439,349	439,349	306,118	(133,231)
Housing grant	260,000	-	-	-
COPS in schools grant	11,192	11,192	10,347	(845)
COPS MORE grant	-	66,070	5,178	(60,892)
Local law enforcement block grant	8,000	8,805	9,807	1,002
Saturate Monroe County grant	39,676	51,089	47,685	(3,404)
Marine safety (Federal)	-	10,000	10,000	-
Traffic Enforcement AL-06-07	10,000	10,000	9,087	(913)

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues and Other Sources - by Source
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Intergovernmental (concluded)				
Bullet proof vest program	\$ 5,029	\$ 5,029	\$ 4,988	\$ (41)
Justice department 2005-DJ-BX	-	22,590	21,164	(1,426)
Justice department 2006-DJ-BX-0333	-	17,407	17,407	-
Welfare grant	6,000	6,000	3,713	(2,287)
Family Court - Juvenile accountability grant	12,207	12,207	-	(12,207)
Buffer zone grant	50,000	50,000	50,000	-
BRC implementation grant	96,311	96,311	84,682	(11,629)
Intersection enforcement	31,471	33,660	32,249	(1,411)
Probate court judges salaries	285,000	285,000	295,551	10,551
Circuit court judges salaries	185,000	185,000	137,510	(47,490)
District court judges salaries	140,000	140,000	137,172	(2,828)
Crime victim/witness grant	111,900	111,900	111,900	-
Assistant prosecutor	51,678	51,678	25,040	(26,638)
Family court - juvenile officer	52,775	52,775	39,582	(13,193)
District court caseload assistance	28,000	28,000	28,879	879
District court drug caseload assistance	2,000	2,000	3,228	1,228
Circuit court drug caseload assistance	500	500	-	(500)
State court equity fund	890,000	890,000	859,234	(30,766)
Remonumentation	168,034	250,295	162,751	(87,544)
Marine safety (State)	21,529	12,158	10,313	(1,845)
Other state grants	7,500	22,670	39,576	16,906
IDEP grant	25,003	32,003	25,610	(6,393)
Secondary road patrol	221,824	268,046	262,732	(5,314)
Justice training program	78,704	78,704	69,435	(9,269)
Community services grant	606,600	606,600	596,893	(9,707)
Community corrections grant	-	-	77,604	77,604
Parks Grant	-	-	2,000	2,000
Cigarette tax	29,182	29,182	26,238	(2,944)
Liquor licenses	11,000	11,000	11,680	680
Total intergovernmental	4,771,366	4,885,044	4,169,133	(715,911)

EXHIBIT I-1
CONTINUED

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues and Other Sources - by Source
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original	Final		Actual over
	Budget	Budget	Actual	(under) Final
				Budget
Contributions from local units	\$ 1,675,942	\$ 1,742,012	\$ 1,918,879	\$ 176,867
Charges for services				
Attorney fee reimbursement	285,000	285,000	216,979	(68,021)
Circuit court costs	150,000	150,000	100,829	(49,171)
District court costs	1,735,000	1,735,000	1,659,989	(75,011)
District court services	638,000	638,000	708,253	70,253
Probate court services	72,350	72,350	56,531	(15,819)
Family court services	17,150	17,150	18,203	1,053
District court - day reporting fees	100,000	100,000	85,686	(14,314)
Treasurer services	6,210	6,210	8,533	2,323
Clerk services	209,400	209,400	210,738	1,338
Register of deeds services	1,375,000	1,375,000	1,226,017	(148,983)
Equalization services	85,400	85,400	46,044	(39,356)
Elections	30,000	30,000	6,733	(23,267)
Planning department services	21,500	21,500	51,637	30,137
Sheriff services	194,000	183,310	208,863	25,553
Sheriff contract special services	36,432	36,432	33,583	(2,849)
Jail	675,000	675,000	736,384	61,384
Animal Control	23,000	23,000	25,678	2,678
Medical examiner fees	8,000	8,000	8,870	870
Parks and recreation	7,000	9,000	8,029	(971)
Historical commission	5,500	5,500	3,915	(1,585)
County extension services	2,000	2,000	1,879	(121)
Fees and permits - soil erosion	186,025	186,025	122,100	(63,925)
Total charges for services	5,861,967	5,853,277	5,545,473	(307,804)

**EXHIBIT I-1
CONCLUDED**

**COUNTY OF MONROE, MICHIGAN
Schedule of Revenues and Other Sources - by Source
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Fines and forfeits				
Ordinance fines and costs	\$ 553,000	\$ 553,000	\$ 481,754	\$ (71,246)
Bond forfeitures	65,000	65,000	87,856	22,856
Forfeitures - other	10,000	10,000	26,375	16,375
Total fines and forfeitures	628,000	628,000	595,985	(32,015)
Interest and rents				
Interest on deposits	832,500	908,950	1,601,729	692,779
Rental income	258,093	214,749	205,579	(9,170)
Total interest and rents	1,090,593	1,123,699	1,807,308	683,609
Other revenues				
Contributions from private sources	82,100	93,030	83,511	(9,519)
Finance department revenue	57,000	57,000	71,563	14,563
General reimbursements	281,168	370,314	315,825	(54,489)
Gain on sale of capital assets	22,822	30,323	21,426	(8,897)
Rebates - food services	4,000	4,000	10,014	6,014
Retirement board reimbursements	70,283	70,283	70,743	460
Indirect costs reimbursements	979,971	979,971	1,010,247	30,276
Other	20,925	20,925	25,643	4,718
Total other revenues	1,518,269	1,625,846	1,608,972	(16,874)
Other financing sources				
Transfers in	5,013,303	5,017,128	3,871,134	(1,145,994)
Total revenues and other financing sources	\$ 48,479,807	\$ 48,795,373	\$ 48,918,211	\$ 122,838

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government				
Board of Commissioners				
Salaries and wages	\$ 180,832	\$ 180,832	\$ 182,691	\$ 1,859
Employee benefits	93,254	93,255	87,049	(6,206)
Services and supplies	64,072	71,772	58,208	(13,564)
	<u>338,158</u>	<u>345,859</u>	<u>327,948</u>	<u>(17,911)</u>
Circuit Court				
Salaries and wages	275,998	275,998	273,751	(2,247)
Employee benefits	117,850	117,850	113,316	(4,534)
Services and supplies	436,063	521,490	512,126	(9,364)
	<u>829,911</u>	<u>915,338</u>	<u>899,193</u>	<u>(16,145)</u>
District Court				
Salaries and wages	1,338,396	1,338,396	1,287,066	(51,330)
Employee benefits	805,894	805,894	753,348	(52,546)
Services and supplies	457,113	406,868	387,712	(19,156)
	<u>2,601,403</u>	<u>2,551,158</u>	<u>2,428,126</u>	<u>(123,032)</u>
District Court Probation				
Salaries and wages	351,294	351,294	361,853	10,559
Employee benefits	232,619	232,619	222,386	(10,233)
Services and supplies	27,072	27,072	25,760	(1,312)
	<u>610,985</u>	<u>610,985</u>	<u>609,999</u>	<u>(986)</u>
District Court Probation - Day Reporting				
Salaries and wages	40,610	40,610	41,050	440
Employee benefits	29,871	29,871	29,224	(647)
Services and supplies	3,309	3,309	2,383	(926)
	<u>73,790</u>	<u>73,790</u>	<u>72,657</u>	<u>(1,133)</u>
Probate Court				
Salaries and wages	368,874	363,874	354,162	(9,712)
Employee benefits	154,871	154,871	144,084	(10,787)
Services and supplies	100,604	105,604	101,180	(4,424)
	<u>624,349</u>	<u>624,349</u>	<u>599,426</u>	<u>(24,923)</u>

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
BRC Implementation Project				
Services and supplies	\$ 96,311	\$ 96,311	\$ 84,682	\$ (11,629)
County Guardian				
Services and supplies	54,000	54,000	51,018	(2,982)
Adult Probation				
Services and supplies	22,325	22,325	20,427	(1,898)
Family Court				
Salaries and wages	736,587	736,587	716,324	(20,263)
Employee benefits	338,674	338,674	315,074	(23,600)
Services and supplies	339,110	341,019	300,765	(40,254)
	1,414,371	1,416,280	1,332,163	(84,117)
Family Court - Probation Officer				
Salaries and wages	324,960	324,960	328,580	3,620
Employee benefits	184,914	184,914	176,498	(8,416)
Services and supplies	17,673	17,673	17,796	123
	527,547	527,547	522,874	(4,673)
District Court Pretrial Services				
Salaries and wages	94,143	94,143	93,861	(282)
Employee benefits	44,543	44,543	43,315	(1,228)
Services and supplies	5,456	5,701	5,447	(254)
	144,142	144,387	142,623	(1,764)
Jail Alternative Work Services				
Salaries and wages	28,482	28,482	28,279	(203)
Employee benefits	8,074	8,074	8,545	471
Services and supplies	2,715	3,050	2,777	(273)
	39,271	39,606	39,601	(5)

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
Administrator				
Salaries and wages	\$ 111,759	\$ 111,759	\$ 114,436	\$ 2,677
Employee benefits	43,341	43,341	42,106	(1,235)
Services and supplies	10,482	10,482	8,782	(1,700)
	165,582	165,582	165,324	(258)
Elections				
Services and supplies	31,550	34,750	83,097	48,347
Finance Department				
Salaries and wages	239,510	225,760	220,302	(5,458)
Employee benefits	124,101	104,551	101,756	(2,795)
Services and supplies	73,088	73,053	63,110	(9,943)
	436,699	403,364	385,168	(18,196)
Clerk				
Salaries and wages	614,312	614,312	593,443	(20,869)
Employee benefits	363,491	363,491	326,605	(36,886)
Services and supplies	119,341	108,741	99,209	(9,532)
	1,097,144	1,086,544	1,019,257	(67,287)
Equalization				
Salaries and wages	248,392	238,392	239,799	1,407
Employee benefits	139,512	139,512	121,754	(17,758)
Services and supplies	31,776	41,776	32,337	(9,439)
	419,680	419,680	393,890	(25,790)
Register of Deeds				
Salaries and wages	116,648	116,648	122,689	6,041
Employee benefits	73,416	73,416	72,357	(1,059)
Services and supplies	24,321	32,683	22,649	(10,034)
	214,385	222,747	217,695	(5,052)
Human Resources				
Salaries and wages	109,078	111,378	112,070	692
Employee benefits	38,145	38,145	38,214	69
Services and supplies	23,153	32,139	31,289	(850)
	170,376	181,662	181,573	(89)

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
Prosecuting Attorney				
Salaries and wages	\$ 988,943	\$ 992,768	\$ 1,003,637	\$ 10,869
Employee benefits	492,349	492,349	466,629	(25,720)
Services and supplies	117,858	116,293	108,571	(7,722)
	<u>1,599,150</u>	<u>1,601,410</u>	<u>1,578,837</u>	<u>(22,573)</u>
Crime Victims Services				
Salaries and wages	68,429	68,429	68,018	(411)
Employee benefits	51,183	49,207	50,223	1,016
Services and supplies	12,038	14,014	14,014	-
	<u>131,650</u>	<u>131,650</u>	<u>132,255</u>	<u>605</u>
Drug Prosecution Grant				
Salaries and wages	73,015	73,015	72,582	(433)
Employee benefits	22,538	22,538	22,484	(54)
Services and supplies	2,577	2,642	2,692	50
	<u>98,130</u>	<u>98,195</u>	<u>97,758</u>	<u>(437)</u>
Retirement Board				
Salaries and wages	39,230	39,230	38,877	(353)
Employee benefits	28,073	28,073	26,439	(1,634)
Services and supplies	1,661	1,661	1,595	(66)
	<u>68,964</u>	<u>68,964</u>	<u>66,911</u>	<u>(2,053)</u>
Remonumentation				
Salaries and wages	-	8,343	9,767	1,424
Employee benefits	-	-	360	360
Services and supplies	121,541	195,459	90,278	(105,181)
	<u>121,541</u>	<u>203,802</u>	<u>100,405</u>	<u>(103,397)</u>
Treasurer				
Salaries and wages	252,360	252,360	251,346	(1,014)
Employee benefits	126,725	126,725	121,968	(4,757)
Services and supplies	49,026	49,106	42,098	(7,008)
	<u>428,111</u>	<u>428,191</u>	<u>415,412</u>	<u>(12,779)</u>
Cooperative Extension Services				
Salaries and wages	198,603	198,603	198,702	99
Employee benefits	103,534	103,534	98,852	(4,682)
Services and supplies	102,099	102,098	101,742	(356)
	<u>404,236</u>	<u>404,235</u>	<u>399,296</u>	<u>(4,939)</u>

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
Information Services				
Salaries and wages	\$ 354,224	\$ 354,224	\$ 358,049	\$ 3,825
Employee benefits	172,695	172,695	164,860	(7,835)
Services and supplies	85,644	85,644	81,278	(4,366)
	612,563	612,563	604,187	(8,376)
Purchasing and Property Maintenance				
Salaries and wages	536,427	488,427	489,952	1,525
Employee benefits	328,644	282,644	278,597	(4,047)
Services and supplies	506,971	514,071	494,136	(19,935)
	1,372,042	1,285,142	1,262,685	(22,457)
I.C.E. Operations				
Services and supplies	60,600	55,600	18,291	(37,309)
Courthouse Security				
Services and supplies	95,000	92,000	91,344	(656)
Drain Commission				
Salaries and wages	251,454	210,454	198,146	(12,308)
Employee benefits	110,681	110,681	82,511	(28,170)
Services and supplies	36,911	74,911	69,609	(5,302)
	399,046	396,046	350,266	(45,780)
IDEP Grant Program				
Salaries and wages	22,000	27,000	26,791	(209)
Employee benefits	2,222	2,222	2,705	483
Services and supplies	781	5,781	5,262	(519)
	25,003	35,003	34,758	(245)
Parks Maintenance				
Salaries and wages	111,634	113,134	112,287	(847)
Employee benefits	62,517	60,717	60,819	102
Services and supplies	75,840	66,190	63,865	(2,325)
	249,991	240,041	236,971	(3,070)
Soil Erosion				
Salaries and wages	67,906	55,906	55,321	(585)
Employee benefits	23,738	23,738	21,980	(1,758)
Services and supplies	8,350	20,350	18,350	(2,000)
	99,994	99,994	95,651	(4,343)

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
General County Expense				
Services and supplies	\$ 340,800	\$ 427,800	\$ 421,005	\$ (6,795)
Building Authority				
Services and supplies	385	385	90	(295)
Total General Government	16,019,185	16,117,285	15,482,863	(634,422)
Public Safety				
Sheriff - Administrator and Road Patrol				
Salaries and wages	908,240	729,240	554,726	(174,514)
Employee benefits	418,446	418,446	299,660	(118,786)
Services and supplies	528,349	732,246	724,751	(7,495)
	1,855,035	1,879,932	1,579,137	(300,795)
Detectives Bureau				
Salaries and wages	372,102	392,102	406,759	14,657
Employee benefits	244,991	244,991	254,668	9,677
Services and supplies	13,035	13,035	13,035	-
	630,128	650,128	674,462	24,334
O.M.N.I. Services				
Salaries and wages	187,081	217,081	259,796	42,715
Employee benefits	120,440	120,440	146,906	26,466
Services and supplies	6,569	6,569	6,569	-
	314,090	344,090	413,271	69,181
Road Patrol				
Salaries and wages	2,481,691	2,567,691	2,770,240	202,549
Employee benefits	1,546,479	1,546,479	1,606,494	60,015
Services and supplies	87,076	87,076	87,076	-
	4,115,246	4,201,246	4,463,810	262,564
Sheriff Records				
Salaries and wages	215,491	234,107	239,494	5,387
Employee benefits	162,712	162,712	155,311	(7,401)
Services and supplies	7,588	7,588	7,588	-
	385,791	404,407	402,393	(2,014)

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Youth Services				
Salaries and wages	\$ 267,230	\$ 270,230	\$ 281,014	\$ 10,784
Employee benefits	166,827	166,827	175,749	8,922
Services and supplies	9,378	9,378	9,378	-
	443,435	446,435	466,141	19,706
Contractual-Local Units				
Salaries and wages	922,000	922,000	898,039	(23,961)
Employee benefits	585,822	585,822	568,019	(17,803)
Services and supplies	45,677	45,677	41,765	(3,912)
	1,553,499	1,553,499	1,507,823	(45,676)
Contractual-Schools				
Salaries and wages	365,286	378,786	385,072	6,286
Employee benefits	264,616	274,116	267,614	(6,502)
Services and supplies	12,798	12,798	12,798	-
	642,700	665,700	665,484	(216)
COPS MORE				
Services and supplies	-	132,140	10,356	(121,784)
Justice Department Grant 2005 - DJ - BX0007				
Salaries and wages	-	14,162	13,623	(539)
Employee benefits	-	5,428	5,530	102
Services and supplies	-	3,000	2,999	(1)
	-	22,590	22,152	(438)
Justice Department Grant 2006-DJ-BX-0333				
Services and supplies	-	17,407	17,407	-
Local Law Enforcement Grant				
Services and supplies	8,000	11,946	11,946	-

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Secondary Road Patrol				
Salaries and wages	\$ 175,756	\$ 182,443	\$ 189,279	\$ 6,836
Employee benefits	122,312	124,591	129,802	5,211
Services and supplies	27,062	53,626	42,875	(10,751)
	<u>325,130</u>	<u>360,660</u>	<u>361,956</u>	<u>1,296</u>
Special Contractual				
Salaries and wages	25,000	25,000	20,642	(4,358)
Employee benefits	10,544	10,544	8,760	(1,784)
Services and supplies	888	888	888	-
	<u>36,432</u>	<u>36,432</u>	<u>30,290</u>	<u>(6,142)</u>
Bullet Proof Vest Program				
Services and supplies	5,029	5,029	4,988	(41)
Saturate Monroe County Program				
Salaries and wages	24,332	30,988	30,600	(388)
Employee benefits	10,261	13,118	12,954	(164)
Services and supplies	5,083	6,984	5,557	(1,427)
	<u>39,676</u>	<u>51,090</u>	<u>49,111</u>	<u>(1,979)</u>
Justice Training				
Services and supplies	78,704	78,704	68,536	(10,168)
Intersection Enforcement				
Salaries and wages	22,136	23,676	23,008	(668)
Employee benefits	9,335	9,984	9,702	(282)
	<u>31,471</u>	<u>33,660</u>	<u>32,710</u>	<u>(950)</u>
Traffic Enforcement-AL-06-07				
Salaries and wages	6,227	6,227	5,735	(492)
Employee benefits	2,626	2,626	2,420	(206)
Services and supplies	1,147	1,147	933	(214)
	<u>10,000</u>	<u>10,000</u>	<u>9,088</u>	<u>(912)</u>

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Marine Safety				
Salaries and wages	\$ 16,100	\$ 11,515	\$ 12,265	\$ 750
Employee benefits	6,437	4,927	3,650	(1,277)
Services and supplies	6,168	17,269	16,218	(1,051)
	<u>28,705</u>	<u>33,711</u>	<u>32,133</u>	<u>(1,578)</u>
 Corrections - Jail				
Salaries and wages	2,140,188	2,119,042	2,150,399	31,357
Employee benefits	1,374,726	1,400,359	1,340,645	(59,714)
Services and supplies	1,333,324	1,340,012	1,300,239	(39,773)
	<u>4,848,238</u>	<u>4,859,413</u>	<u>4,791,283</u>	<u>(68,130)</u>
 Corrections - Medical Services				
Salaries and wages	60,012	60,012	59,428	(584)
Employee benefits	41,037	41,037	36,214	(4,823)
Services and supplies	167,108	167,108	153,104	(14,004)
	<u>268,157</u>	<u>268,157</u>	<u>248,746</u>	<u>(19,411)</u>
 Community Work Services Program				
Salaries and wages	44,141	44,141	44,948	807
Employee benefits	18,423	18,423	18,570	147
Services and supplies	605,597	605,597	604,320	(1,277)
	<u>668,161</u>	<u>668,161</u>	<u>667,838</u>	<u>(323)</u>
 Emergency Management				
Salaries and wages	140,622	140,622	146,672	6,050
Employee benefits	73,118	72,705	70,962	(1,743)
Services and supplies	110,864	101,277	60,006	(41,271)
	<u>324,604</u>	<u>314,604</u>	<u>277,640</u>	<u>(36,964)</u>
 SHSP - State Homeland Security				
Salaries and wages	26,856	27,173	28,334	1,161
Employee benefits	17,710	17,710	17,316	(394)
Services and supplies	110,077	3,403	2,471	(932)
	<u>154,643</u>	<u>48,286</u>	<u>48,121</u>	<u>(165)</u>

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Animal Control				
Salaries and wages	\$ 162,449	\$ 161,449	\$ 164,845	\$ 3,396
Employee benefits	89,072	89,072	89,502	430
Services and supplies	121,035	126,535	125,974	(561)
	<u>372,556</u>	<u>377,056</u>	<u>380,321</u>	<u>3,265</u>
COPS in Schools-BPS and SPS				
Salaries and wages	99,795	99,795	103,639	3,844
Employee benefits	61,220	61,220	62,876	1,656
Services and supplies	4,212	4,212	3,495	(717)
	<u>165,227</u>	<u>165,227</u>	<u>170,010</u>	<u>4,783</u>
Buffer Zone Program				
Services and supplies	26,815	26,815	26,815	-
Total Public Safety	<u>17,331,472</u>	<u>17,666,525</u>	<u>17,433,968</u>	<u>(232,557)</u>
Public Works				
Drains at Large				
Services and supplies	32,000	32,000	31,623	(377)
Ditch Maintenance				
Services and supplies	45,000	45,000	45,000	-
Total Public Works	<u>77,000</u>	<u>77,000</u>	<u>76,623</u>	<u>(377)</u>
Health and Welfare				
Medical Examiner				
Salaries and wages	35,333	35,333	28,541	(6,792)
Employee benefits	6,269	6,269	5,723	(546)
Services and supplies	103,738	103,738	101,869	(1,869)
	<u>145,340</u>	<u>145,340</u>	<u>136,133</u>	<u>(9,207)</u>

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Health and Welfare (continued)				
Commission on Aging				
Salaries and wages	\$ 73,929	\$ 73,929	\$ 75,112	\$ 1,183
Employee benefits	36,018	36,018	36,366	348
Services and supplies	45,994	45,994	39,456	(6,538)
	<u>155,941</u>	<u>155,941</u>	<u>150,934</u>	<u>(5,007)</u>
Veterans' Burial				
Services and supplies	<u>25,000</u>	<u>30,400</u>	<u>30,228</u>	<u>(172)</u>
Veterans' Bureau				
Salaries and wages	41,291	41,291	40,997	(294)
Employee benefits	23,361	23,361	23,357	(4)
Services and supplies	3,315	3,316	3,260	(56)
	<u>67,967</u>	<u>67,968</u>	<u>67,614</u>	<u>(354)</u>
Soldier's and Sailors Relief				
Services and supplies	<u>3,775</u>	<u>5,775</u>	<u>5,079</u>	<u>(696)</u>
River Raisin Watershed				
Services and supplies	<u>7,662</u>	<u>7,662</u>	<u>7,662</u>	<u>-</u>
Soil Conservation District				
Services and supplies	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Area Wide Water Quality Board				
Services and supplies	<u>7,000</u>	<u>7,000</u>	<u>7,055</u>	<u>55</u>
Industrial Development Corporation				
Services and supplies	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Monroe County Opportunity Program				
Services and supplies	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Head Start				
Services and supplies	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Mental Health Facility				
Services and supplies	<u>997,803</u>	<u>997,803</u>	<u>997,803</u>	<u>-</u>
Total Health and Welfare	<u>1,566,488</u>	<u>1,573,889</u>	<u>1,558,508</u>	<u>(15,381)</u>

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Community and Economic Development				
Economic Development - Dundee				
Services and supplies	\$ 90,000	\$ 94,400	\$ 94,386	\$ (14)
S.E. Michigan Community Foundation				
Salaries and wages	-	3,500	6,908	3,408
Services and supplies	-	6,500	2,022	(4,478)
	-	10,000	8,930	(1,070)
Planning				
Salaries and wages	299,041	300,441	287,054	(13,387)
Employee benefits	147,990	147,990	146,980	(1,010)
Services and supplies	69,711	69,711	62,416	(7,295)
	516,742	518,142	496,450	(21,692)
Plat Board				
Services and supplies	1,700	1,700	1,125	(575)
State Boundary Commission				
Services and supplies	300	300	-	(300)
2003 Housing Grant				
Services and supplies	260,000	-	-	-
Economic Development				
Services and supplies	35,000	35,000	30,000	(5,000)
Total Community and Economic Development	903,742	659,542	630,891	(28,651)
Recreation and Cultural				
Historical Commission				
Salaries and wages	201,752	207,452	203,735	(3,717)
Employee benefits	80,227	78,527	67,987	(10,540)
Services and supplies	72,426	68,426	62,983	(5,443)
	354,405	354,405	334,705	(19,700)
Community Center				
Services and supplies	34,000	34,000	34,000	-
S.E. Michigan Council of Governments				
Services and supplies	55,500	61,700	54,636	(7,064)
Toledo Met Area Council of Governments				
Services and supplies	8,753	8,753	8,977	224

**COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Recreation and Cultural (continued)				
Fine Arts Council				
Services and supplies	\$ 500	\$ 500	\$ -	\$ (500)
Michigan Week				
Services and supplies	500	500	500	-
Total Recreation and Cultural	453,658	459,858	432,818	(27,040)
Other Expenditures				
Insurance, Bonds and Fringes				
Services and supplies	82,500	82,500	58,943	(23,557)
Contingencies				
Services and supplies	903,864	-	-	-
Total Other Expenditures	986,364	82,500	58,943	(23,557)
Capital Outlay	1,480,133	1,711,278	1,454,396	(256,882)
Total Expenditures	38,818,042	38,347,877	37,129,010	(1,218,867)
Other Uses - Transfers out				
Health Department	1,586,095	1,596,187	915,587	(680,600)
Ambulance Authority	4,000	4,820	4,820	-
Friend of the Court	523,354	523,354	523,354	-
Drug Forfeiture-Prosecutor	-	1,500	1,500	-
Computer Capital Outlay	500,000	510,000	510,000	-
New Jail	1,325,042	1,788,201	1,788,201	-
Central Dispatch	1,157,279	1,156,779	1,108,060	(48,719)
Social Services	30,000	32,215	32,215	-
Social Services Infirmary	453,219	453,219	453,200	(19)
Child Care	2,186,431	2,568,077	2,398,077	(170,000)
Radio Equipment	750,000	750,000	750,000	-
Interoperability Communications Equipment	-	158,938	158,938	-
Building Authority Debt	564,690	564,690	564,690	-
911/Emergency Operations Center Construction	500,000	2,000,000	2,000,000	-
Parks Construction	30,000	30,000	30,000	-
Capital Improvement	273,500	596,500	416,500	(180,000)
Total Other Uses - Transfers Out	9,883,610	12,734,480	11,655,142	(1,079,338)
Total Expenditures and Transfers Out	\$ 48,701,652	\$ 51,082,357	\$ 48,784,152	\$ (2,298,205)

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Health Special Revenue Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Licenses and permits	\$ 450,000	\$ 450,000	\$ 383,983	\$ (66,017)
Intergovernmental revenue	2,415,588	2,672,367	2,642,445	(29,922)
Charges for services	1,066,750	1,066,750	985,388	(81,362)
Other revenue	139,600	141,990	134,195	(7,795)
Total revenues	4,071,938	4,331,107	4,146,011	(185,096)
Expenditures				
Current				
Health and welfare				
Salaries and wages	1,754,237	1,861,696	1,706,689	(155,007)
Employee benefits	956,392	965,995	846,783	(119,212)
Services and supplies	2,749,604	2,804,916	2,349,954	(454,962)
Capital outlay	91,000	89,500	13,774	(75,726)
Total expenditures	5,551,233	5,722,107	4,917,200	(804,907)
Revenues over (under) expenditures	(1,479,295)	(1,391,000)	(771,189)	619,811
Other financing sources (uses)				
Transfers in	1,586,095	1,554,695	915,587	(639,108)
Transfers (out)	(106,800)	(112,900)	(112,900)	-
Total other financing (uses)	1,479,295	1,441,795	802,687	(639,108)
Net change in fund balance	-	50,795	31,498	(19,297)
Fund balance, beginning of year	1,957,586	1,957,586	1,957,586	-
Fund balance, end of year	\$ 1,957,586	\$ 2,008,381	\$ 1,989,084	\$ (19,297)

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Federal Prisoner Housing Special Revenue Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental revenues	\$ 1,868,800	\$ 1,868,800	\$ 1,399,501	\$ (469,299)
Charges for services	265,000	265,000	255,787	(9,213)
Interest and rents	-	-	4,062	4,062
Other revenues	3,500	3,500	9,687	6,187
Total revenues	2,137,300	2,137,300	1,669,037	(468,263)
Expenditures				
Current:				
Public Safety				
Salaries and wages	1,584,093	1,667,739	1,670,153	2,414
Employee benefits	1,129,270	1,132,637	1,126,624	(6,013)
Services and supplies	749,926	761,926	761,113	(813)
Total expenditures	3,463,289	3,562,302	3,557,890	(4,412)
Revenues over (under) expenditures	(1,325,989)	(1,425,002)	(1,888,853)	(463,851)
Other financing sources (uses)				
Transfers in	1,325,042	1,334,055	1,788,201	454,146
Total other financing sources (uses)	1,325,042	1,334,055	1,788,201	454,146
Net changes in fund balances	(947)	(90,947)	(100,652)	(9,705)
Fund balances, beginning of year	103,128	103,128	103,128	-
Fund balances, end of year	\$ 102,181	\$ 12,181	\$ 2,476	\$ (9,705)

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Friend of the Court Fund	<ul style="list-style-type: none">Accounts for the County revenue that is reserved for the operation of this division of the Circuit Court.
Self-Help Road Fund	<ul style="list-style-type: none">Records the activity involving appropriations from other funds and construction costs for this road program.
Restricted Fund	<ul style="list-style-type: none">Established to control tax monies received for the payment of lease requirements to the Building Authority for the Adult Detention Center and Law Enforcement Building.
Budget Stabilization Fund	<ul style="list-style-type: none">Established by resolution as provided in Act 30 of the Public Acts of 1978 to account for monies set aside for this purpose.
Central Dispatch Authority Fund	<ul style="list-style-type: none">Accounts for the activity of the public safety answering point for all of Monroe County, including villages, townships and cities participating in the Emergency Telephone District of the 9-1-1 Service Plan.
Marriage Counseling Fund	<ul style="list-style-type: none">Established under Act 4 of the Public Acts of 1980 for fees allocated to be used for family counseling services.
Prosecutor Drug Forfeiture Fund	<ul style="list-style-type: none">Established to account for monies received by the prosecutor's office for drug forfeiture cases.
Special Investigation Drug Enforcement Fund	<ul style="list-style-type: none">Accounts for monies received by the Sheriff's Department after cases have been prosecuted and forfeiture monies are available for distribution and use within the Department for Drug Enforcement activities.
Federally Forfeited Property Fund	<ul style="list-style-type: none">Accounts for monies received by the Sheriff's Department after cases have been prosecuted and forfeiture monies are available for distribution and use within the Department for Local Law Enforcement activities.
OMNI Drug Forfeiture Fund	<ul style="list-style-type: none">Accounts for monies received by the Office of Monroe Narcotics Investigation (OMNI) which is a multi-jurisdictional task force combining the efforts of the Michigan State Police, Monroe County Sheriff's Office and the Monroe Police Department.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Forfeited Property Non-Drug Fund	<ul style="list-style-type: none">• Accounts for monies received by the Sheriff's Department after cases have been prosecuted and forfeiture monies are available for distribution and use within the Department for Local Law Enforcement activities.
Job Training and Placement Fund	<ul style="list-style-type: none">• Accounts for costs involved with the training and placement of qualified county residents.
Workforce Investment Fund	<ul style="list-style-type: none">• Accounts for costs related to the Adult Program, for adults who are economically disadvantaged, and the Dislocated Workers Program, for certain laid-off individuals.
Sheriff Training Fund	<ul style="list-style-type: none">• Utilizes State funds to provide corrective and protective service officers with training seminars to update and enhance the officers' knowledge of criminal activities.
Social Services Fairview Infirmary Fund	<ul style="list-style-type: none">• Functions under the directions of the County Board and State Family Independence Agency to provide general relief for indigent persons and medical care for eligible persons who are unable to provide it for themselves.
Probate Court Youth Center Fund	<ul style="list-style-type: none">• Accounts for the revenue reserved for this division of the Probate Court and is used for the care of all juveniles under the jurisdiction of the Court.
Other Special Revenue Funds	<ul style="list-style-type: none">• These funds account for specific grants requiring separate accounting as stipulated in the grant provisions as well as several other small funds. These funds are not significant and are combined into one category of special revenue funds. Financing is provided primarily by federal and state grants, other revenues and reimbursements, and transfers.

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Debt Service

- These funds account for the accumulation of resources for, and the payment of, the general long-term obligations issued for the county and the Building Authority and other general obligations.

Capital Projects Funds

Capital Projects

- These funds account for the accumulation of resources for, and the payment of costs, for activity related to acquisition and improvement costs of county property.

COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Special Revenue	Debt Service	Capital Projects	Totals
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 4,534,650	\$ 1,333,816	\$ 4,750,569	\$ 10,619,035
Investments	995,630	-	-	995,630
Due from other governments	1,338,791	-	96,320	1,435,111
Due from other funds	1,214,215	-	80,000	1,294,215
Advances to other funds	239,474	-	-	239,474
<u>TOTAL ASSETS</u>	<u>\$ 8,322,760</u>	<u>\$ 1,333,816</u>	<u>\$ 4,926,889</u>	<u>\$ 14,583,465</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 271,059	\$ -	\$ 108,793	\$ 379,852
Accrued wages and fringes	241,620	-	-	241,620
Due to other funds	612,000	-	80,000	692,000
Advances from other governments	54,000	-	-	54,000
Advances from other funds	50,000	-	-	50,000
Total liabilities	1,228,679	-	188,793	1,417,472
Fund balances				
Reserved for:				
Encumbrances	52,014	-	-	52,014
Long-term advances	239,474	-	-	239,474
Donations	3,462	-	-	3,462
Unreserved:	-			
Designated for subsequent expenditures	367,261	-	-	367,261
Undesignated	6,431,870	1,333,816	4,738,096	12,503,782
Total fund balances	7,094,081	1,333,816	4,738,096	13,165,993
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 8,322,760</u>	<u>\$ 1,333,816</u>	<u>\$ 4,926,889</u>	<u>\$ 14,583,465</u>

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes	\$ 635,286	\$ -	\$ -	\$ 635,286
Licenses and permits	12,660	-	-	12,660
Intergovernmental revenues	6,295,331	-	96,320	6,391,651
Contributions from local units	40,579	-	-	40,579
Charges for services	950,246	-	-	950,246
Fines and forfeits	412,855	-	-	412,855
Interest and rents	252,986	537,903	68,117	859,006
Other revenue	1,045,829	-	58,382	1,104,211
Total revenues	9,645,772	537,903	222,819	10,406,494
Expenditures				
Current:				
General government	2,878,878	-	-	2,878,878
Public safety	6,864,977	-	-	6,864,977
Public works	1,265,565	-	-	1,265,565
Health and welfare	3,115,659	-	-	3,115,659
Recreation and culture	65,476	-	-	65,476
Debt service:				
Principal	-	2,251,341	-	2,251,341
Interest	-	361,909	-	361,909
Capital outlay	851,340	-	955,815	1,807,155
Total expenditures	15,041,895	2,613,250	955,815	18,610,960
Revenues (under) expenditures	(5,396,123)	(2,075,347)	(732,996)	(8,204,466)
Other financing sources (uses)				
Transfers in	5,818,907	2,934,398	4,381,903	13,135,208
Transfers (out)	(1,543,467)	(23,153)	(1,730,000)	(3,296,620)
Total other financing sources	4,275,440	2,911,245	2,651,903	9,838,588
Net changes in fund balances	(1,120,683)	835,898	1,918,907	1,634,122
Fund balances, beginning of year	8,214,764	497,918	2,819,189	11,531,871
Fund balances, end of year	<u>\$ 7,094,081</u>	<u>\$ 1,333,816</u>	<u>\$ 4,738,096</u>	<u>\$ 13,165,993</u>

COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Friend of the Court	Self Help Road	Restricted	Budget Stabilization	Central Dispatch Authority	Marriage Counseling
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 207	\$ 314,735	\$ 166	\$ 773,803	\$ 294,524	\$ 152,807
Investments	-	-	-	995,630	-	-
Due from other governments	427,549	-	-	-	59,984	-
Due from other funds	-	-	-	1,212,000	-	-
Advances to other funds	-	-	-	239,474	-	-
<u>TOTAL ASSETS</u>	\$ 427,756	\$ 314,735	\$ 166	\$ 3,220,907	\$ 354,508	\$ 152,807
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 316	\$ 10,018	\$ -	\$ -	\$ 1,183	\$ -
Accrued wages and fringes	49,737	-	-	-	57,697	-
Due to other funds	350,000	-	-	-	-	-
Advances from other governments	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	400,053	10,018	-	-	58,880	-
Fund balances						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Long-term advances	-	-	-	239,474	-	-
Donations	-	-	-	-	-	-
Unreserved:						
Designated for subsequent expenditures	76,500	-	-	-	95,168	51,520
Undesignated	(48,797)	304,717	166	2,981,433	200,460	101,287
Total fund balances	27,703	304,717	166	3,220,907	295,628	152,807
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 427,756	\$ 314,735	\$ 166	\$ 3,220,907	\$ 354,508	\$ 152,807

continued...

COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Prosecutor Drug Forfeiture	Special Investigation Drug Enforcement	Federally Forfeited Property	OMNI Drug Forfeiture	Forfeited Property Non-Drug	Job Training and Placement
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 109,760	\$ 13,987	\$ 136,550	\$ 1,245,990	\$ 2,383	\$ 202
Investments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	150,798
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 109,760	\$ 13,987	\$ 136,550	\$ 1,245,990	\$ 2,383	\$ 151,000
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 12,328	\$ 136	\$ 136	\$ 12,557	\$ -	\$ 26,174
Accrued wages and fringes	-	-	-	-	-	6,771
Due to other funds	-	-	-	-	-	100,000
Advances from other governments	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	12,328	136	136	12,557	-	132,945
Fund balances						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Long-term advances	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Unreserved:						
Designated for subsequent expenditures	15,618	-	-	-	-	-
Undesignated	81,814	13,851	136,414	1,233,433	2,383	18,055
Total fund balances	97,432	13,851	136,414	1,233,433	2,383	18,055
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 109,760	\$ 13,987	\$ 136,550	\$ 1,245,990	\$ 2,383	\$ 151,000

continued...

COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Workforce Investment	Sheriff Training	Social Services Fairview Infirmary	Probate Court Youth Center	Other Special Revenue Funds	Total
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 699	\$ 42,764	\$ 57,007	\$ 884	\$ 1,388,182	\$ 4,534,650
Investments	-	-	-	-	-	995,630
Due from other governments	159,354	-	27,202	492,107	21,797	1,338,791
Due from other funds	-	-	-	-	2,215	1,214,215
Advances to other funds	-	-	-	-	-	239,474
<u>TOTAL ASSETS</u>	\$ 160,053	\$ 42,764	\$ 84,209	\$ 492,991	\$ 1,412,194	\$ 8,322,760
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 10,750	\$ -	\$ 1,149	\$ 37,831	\$ 158,481	\$ 271,059
Accrued wages and fringes	20,935	-	12,317	94,163	-	241,620
Due to other funds	107,000	-	-	55,000	-	612,000
Advances from other governments	-	-	-	-	54,000	54,000
Advances from other funds	-	-	-	-	50,000	50,000
Total liabilities	138,685	-	13,466	186,994	262,481	1,228,679
Fund balances						
Reserved for:						
Encumbrances	-	-	-	-	52,014	52,014
Long-term advances	-	-	-	-	-	239,474
Donations	-	-	-	-	3,462	3,462
Unreserved:						
Designated for subsequent expenditures	-	-	8,455	-	120,000	367,261
Undesignated	21,368	42,764	62,288	305,997	974,237	6,431,870
Total fund balances	21,368	42,764	70,743	305,997	1,149,713	7,094,081
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 160,053	\$ 42,764	\$ 84,209	\$ 492,991	\$ 1,412,194	\$ 8,322,760

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Friend of the Court	Self Help Road	Restricted	Budget Stabilization	Central Dispatch Authority	Marriage Counseling
Revenues						
Taxes	\$ -	\$ -	\$ 634,897	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	12,660
Intergovernmental revenue	1,918,997	-	-	-	237,373	-
Contributions from local units	-	-	40,579	-	-	-
Charges for services	198,610	-	-	-	578,511	-
Fines and forfeits	-	-	-	-	-	-
Interest and rents	-	-	38,161	136,205	19,638	-
Other revenue	2,246	-	-	-	375	-
Total revenues	2,119,853	-	713,637	136,205	835,897	12,660
Expenditures						
Current:						
General government	2,794,951	-	-	-	-	-
Public safety	-	-	-	-	1,932,979	-
Public works	-	1,265,565	-	-	-	-
Health and welfare	-	-	-	-	-	21,553
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	2,794,951	1,265,565	-	-	1,932,979	21,553
Revenues over (under) expenditures	(675,098)	(1,265,565)	713,637	136,205	(1,097,082)	(8,893)
Other financing sources (uses)						
Transfers in	523,354	780,250	-	-	1,108,060	-
Transfers (out)	-	-	(1,483,655)	-	-	-
Total other financing sources (uses)	523,354	780,250	(1,483,655)	-	1,108,060	-
Net changes in fund balances	(151,744)	(485,315)	(770,018)	136,205	10,978	(8,893)
Fund balances, beginning of year	179,447	790,032	770,184	3,084,702	284,650	161,700
Fund balances, end of year	\$ 27,703	\$ 304,717	\$ 166	\$ 3,220,907	\$ 295,628	\$ 152,807

continued...

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Prosecutor Drug Forfeiture	Special Investigation Drug Enforcement	Federally Forfeited Property	OMNI Drug Forfeiture	Forfeited Property Non-Drug	Job Training and Placement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	1,014,091
Contributions from local units	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	70,813	-	146,215	189,327	-	-
Interest and rents	-	1,763	-	54,453	75	-
Other revenue	-	108,265	-	11,082	750	9,466
Total revenues	70,813	110,028	146,215	254,862	825	1,023,557
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	21,719	133,779	41,005	199,834	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	1,023,557
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	21,719	133,779	41,005	199,834	-	1,023,557
Revenues over (under) expenditures	49,094	(23,751)	105,210	55,028	825	-
Other financing sources (uses)						
Transfers in	8,931	-	-	-	-	-
Transfers (out)	(3,825)	(8,476)	(1,046)	-	-	-
Total other financing sources (uses)	5,106	(8,476)	(1,046)	-	-	-
Net changes in fund balances	54,200	(32,227)	104,164	55,028	825	-
Fund balances, beginning of year	43,232	46,078	32,250	1,178,405	1,558	18,055
Fund balances, end of year	\$ 97,432	\$ 13,851	\$ 136,414	\$ 1,233,433	\$ 2,383	\$ 18,055

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Workforce Investment	Sheriff Training	Social Services Fairview Infirmary	Probate Court Youth Center	Other Special Revenue Funds	Total
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 389	\$ 635,286
Licenses and permits	-	-	-	-	-	12,660
Intergovernmental revenue	832,038	27,239	-	2,242,034	23,559	6,295,331
Contributions from local units	-	-	-	-	-	40,579
Charges for services	-	-	-	109,240	63,885	950,246
Fines and forfeits	-	-	-	-	6,500	412,855
Interest and rents	-	-	-	-	2,691	252,986
Other revenue	1,084	-	308,406	39,531	564,624	1,045,829
Total revenues	833,122	27,239	308,406	2,390,805	661,648	9,645,772
Expenditures						
Current:						
General government	-	-	-	-	83,927	2,878,878
Public safety	-	17,954	-	4,493,218	24,489	6,864,977
Public works	-	-	-	-	-	1,265,565
Health and welfare	833,041	-	811,209	-	426,299	3,115,659
Recreation and culture	-	-	-	-	65,476	65,476
Capital outlay	-	-	-	-	851,340	851,340
Total expenditures	833,041	17,954	811,209	4,493,218	1,451,531	15,041,895
Revenues over (under) expenditures	81	9,285	(502,803)	(2,102,413)	(789,883)	(5,396,123)
Other financing sources (uses)						
Transfers in	-	-	453,200	2,398,077	547,035	5,818,907
Transfers (out)	-	-	-	-	(46,465)	(1,543,467)
Total other financing sources (uses)	-	-	453,200	2,398,077	500,570	4,275,440
Net changes in fund balances	81	9,285	(49,603)	295,664	(289,313)	(1,120,683)
Fund balances, beginning of year	21,287	33,479	120,346	10,333	1,439,026	8,214,764
Fund balances, end of year	\$ 21,368	\$ 42,764	\$ 70,743	\$ 305,997	\$ 1,149,713	\$ 7,094,081

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Friend of the Court			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	2,183,048	2,193,014	1,918,997	(274,017)
Contributions from local units	-	-	-	-
Charges for services	205,000	205,000	198,610	(6,390)
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	1,000	1,000	2,246	1,246
Total revenues	2,389,048	2,399,014	2,119,853	(279,161)
Expenditures				
Current:				
General government				
Salaries and wages	1,542,684	1,542,684	1,482,550	(60,134)
Employee benefits	1,003,580	1,003,580	950,199	(53,381)
Services and supplies	366,138	376,145	362,202	(13,943)
Capital outlay	-	-	-	-
Total expenditures	2,912,402	2,922,409	2,794,951	(127,458)
Revenues over (under) expenditures	(523,354)	(523,395)	(675,098)	(151,703)
Other financing sources (uses)				
Transfers in	523,354	523,354	523,354	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	523,354	523,354	523,354	-
Net changes in fund balances	-	(41)	(151,744)	(151,703)
Fund balances, beginning of year	179,447	179,447	179,447	-
Fund balances, end of year	\$ 179,447	\$ 179,406	\$ 27,703	\$ (151,703)

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Self Help Road			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
Public works				
Services and supplies	780,250	1,380,250	1,265,565	(114,685)
Capital outlay	-	-	-	-
Total expenditures	780,250	1,380,250	1,265,565	(114,685)
Revenues over (under) expenditures	(780,250)	(1,380,250)	(1,265,565)	114,685
Other financing sources (uses)				
Transfers in	780,250	780,250	780,250	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	780,250	780,250	780,250	-
Net changes in fund balances	-	(600,000)	(485,315)	114,685
Fund balances, beginning of year	790,032	790,032	790,032	-
Fund balances, end of year	\$ 790,032	\$ 190,032	\$ 304,717	\$ 114,685

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Restricted			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 584,671	\$ 584,671	\$ 634,897	\$ 50,226
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	40,579	40,579	40,579	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	38,161	38,161
Other revenues	-	-	-	-
Total revenues	625,250	625,250	713,637	88,387
Expenditures				
Current:				
General government				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	625,250	625,250	713,637	88,387
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(625,250)	(1,485,250)	(1,483,655)	1,595
Total other financing sources (uses)	(625,250)	(1,485,250)	(1,483,655)	1,595
Net changes in fund balances	-	(860,000)	(770,018)	89,982
Fund balances, beginning of year	770,184	770,184	770,184	-
Fund balances (deficit), end of year	\$ 770,184	\$ (89,816)	\$ 166	\$ 89,982

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Budget Stabilization			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	136,205	136,205
Other revenues	-	-	-	-
Total revenues	-	-	136,205	136,205
Expenditures				
Current:				
General government				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	-	136,205	136,205
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(1,084,000)	(1,084,000)	-	1,084,000
Total other financing sources (uses)	(1,084,000)	(1,084,000)	-	1,084,000
Net changes in fund balances	(1,084,000)	(1,084,000)	136,205	1,220,205
Fund balances, beginning of year	3,084,702	3,084,702	3,084,702	-
Fund balances, end of year	\$ 2,000,702	\$ 2,000,702	\$ 3,220,907	\$ 1,220,205

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Central Dispatch Authority			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	135,000	135,000	237,373	102,373
Contributions from local units	-	-	-	-
Charges for services	716,000	716,000	578,511	(137,489)
Fines and forfeits	-	-	-	-
Interest and rents	-	-	19,638	19,638
Other revenues	446	446	375	(71)
Total revenues	851,446	851,446	835,897	(15,549)
Expenditures				
Current:				
Public safety				
Salaries and wages	1,094,619	1,062,319	1,018,815	(43,504)
Employee benefits	735,992	723,993	668,165	(55,828)
Services and supplies	233,114	277,451	245,999	(31,452)
Capital outlay	-	-	-	-
Total expenditures	2,063,725	2,063,763	1,932,979	(130,784)
Revenues over (under) expenditures	(1,212,279)	(1,212,317)	(1,097,082)	115,235
Other financing sources (uses)				
Transfers in	1,157,279	1,157,279	1,108,060	(49,219)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	1,157,279	1,157,279	1,108,060	(49,219)
Net changes in fund balances	(55,000)	(55,038)	10,978	66,016
Fund balances, beginning of year	284,650	284,650	284,650	-
Fund balances, end of year	\$ 229,650	\$ 229,612	\$ 295,628	\$ 66,016

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Marriage Counseling			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	15,000	15,000	12,660	(2,340)
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	15,000	15,000	12,660	(2,340)
Expenditures				
Current:				
General government				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	65,844	65,844	21,553	(44,291)
Capital outlay	-	-	-	-
Total expenditures	65,844	65,844	21,553	(44,291)
Revenues over (under) expenditures	(50,844)	(50,844)	(8,893)	41,951
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(50,844)	(50,844)	(8,893)	41,951
Fund balances, beginning of year	161,700	161,700	161,700	-
Fund balances, end of year	\$ 110,856	\$ 110,856	\$ 152,807	\$ 41,951

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Prosecutor Drug Forfeiture			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	5,000	5,000	70,813	65,813
Interest and rents	800	800	-	(800)
Other revenues	-	-	-	-
Total revenues	5,800	5,800	70,813	65,013
Expenditures				
Current:				
Public safety				
Salaries and wages	3,825	-	-	-
Employee benefits	1,072	1,072	-	(1,072)
Services and supplies	16,521	21,821	21,719	(102)
Capital outlay	-	-	-	-
Total expenditures	21,418	22,893	21,719	(1,174)
Revenues over (under) expenditures	(15,618)	(17,093)	49,094	66,187
Other financing sources (uses)				
Transfers in	-	1,500	8,931	7,431
Transfers (out)	(5,675)	(9,500)	(3,825)	5,675
Total other financing sources (uses)	(5,675)	(8,000)	5,106	13,106
Net changes in fund balances	(21,293)	(25,093)	54,200	79,293
Fund balances, beginning of year	43,232	43,232	43,232	-
Fund balances, end of year	\$ 21,939	\$ 18,139	\$ 97,432	\$ 79,293

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Special Investigation Drug Enforcement			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	1,000	1,000	1,763	763
Other revenues	19,500	104,500	108,265	3,765
Total revenues	20,500	105,500	110,028	4,528
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	46,435	141,033	133,779	(7,254)
Capital outlay	-	-	-	-
Total expenditures	46,435	141,033	133,779	(7,254)
Revenues over (under) expenditures	(25,935)	(35,533)	(23,751)	11,782
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(1,045)	(10,545)	(8,476)	2,069
Total other financing sources (uses)	(1,045)	(10,545)	(8,476)	2,069
Net changes in fund balances	(26,980)	(46,078)	(32,227)	13,851
Fund balances, beginning of year	46,078	46,078	46,078	-
Fund balances, end of year	\$ 19,098	\$ -	\$ 13,851	\$ 13,851

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Federally Forfeited Property			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	60,075	144,007	146,215	2,208
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	60,075	144,007	146,215	2,208
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	59,029	149,192	41,005	(108,187)
Capital outlay	-	20,000	-	(20,000)
Total expenditures	59,029	169,192	41,005	(128,187)
Revenues over (under) expenditures	1,046	(25,185)	105,210	130,395
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(1,046)	(1,046)	(1,046)	-
Total other financing sources (uses)	(1,046)	(1,046)	(1,046)	-
Net changes in fund balances	-	(26,231)	104,164	130,395
Fund balances, beginning of year	32,250	32,250	32,250	-
Fund balances, end of year	\$ 32,250	\$ 6,019	\$ 136,414	\$ 130,395

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	OMNI Drug Forfeiture			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	200,943	200,943	189,327	(11,616)
Interest and rents	6,000	6,000	54,453	48,453
Other revenues	40,000	40,000	11,082	(28,918)
Total revenues	246,943	246,943	254,862	7,919
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	246,943	246,943	199,834	(47,109)
Capital outlay	-	-	-	-
Total expenditures	246,943	246,943	199,834	(47,109)
Revenues over (under) expenditures	-	-	55,028	55,028
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	55,028	55,028
Fund balances, beginning of year	1,178,405	1,178,405	1,178,405	-
Fund balances, end of year	\$ 1,178,405	\$ 1,178,405	\$ 1,233,433	\$ 55,028

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Forfeited Property - Non-drug			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	75	75
Other revenues	1,500	1,500	750	(750)
Total revenues	1,500	1,500	825	(675)
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	1,500	1,500	-	(1,500)
Capital outlay	-	-	-	-
Total expenditures	1,500	1,500	-	(1,500)
Revenues over (under) expenditures	-	-	825	825
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	825	825
Fund balances, beginning of year	1,558	1,558	1,558	-
Fund balances, end of year	\$ 1,558	\$ 1,558	\$ 2,383	\$ 825

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Job Training and Placement			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,160,202	1,196,234	1,014,091	(182,143)
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	9,466	9,466
Total revenues	1,160,202	1,196,234	1,023,557	(172,677)
Expenditures				
Current:				
Health and welfare				
Salaries and wages	539,358	529,309	463,137	(66,172)
Employee benefits	321,974	323,801	278,851	(44,950)
Services and supplies	298,870	343,074	281,569	(61,505)
Capital outlay	-	50	-	(50)
Total expenditures	1,160,202	1,196,234	1,023,557	(172,677)
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	18,055	18,055	18,055	-
Fund balances, end of year	\$ 18,055	\$ 18,055	\$ 18,055	\$ -

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Workforce Investment			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	905,118	972,145	832,038	(140,107)
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	1,084	1,084
Total revenues	905,118	972,145	833,122	(139,023)
Expenditures				
Current:				
Health and welfare				
Salaries and wages	431,377	458,682	415,333	(43,349)
Employee benefits	278,124	295,329	264,196	(31,133)
Services and supplies	195,567	218,084	153,512	(64,572)
Capital outlay	50	50	-	(50)
Total expenditures	905,118	972,145	833,041	(139,104)
Revenues over (under) expenditures	-	-	81	81
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances		-	81	81
Fund balances, beginning of year	21,287	21,287	21,287	-
Fund balances, end of year	\$ 21,287	\$ 21,287	\$ 21,368	\$ 81

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Sheriff Training			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	25,400	25,400	27,239	1,839
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	25,400	25,400	27,239	1,839
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	25,400	25,400	17,954	(7,446)
Capital outlay	-	-	-	-
Total expenditures	25,400	25,400	17,954	(7,446)
Revenues over (under) expenditures	-	-	9,285	9,285
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	9,285	9,285
Fund balances, beginning of year	33,479	33,479	33,479	-
Fund balances, end of year	\$ 33,479	\$ 33,479	\$ 42,764	\$ 9,285

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Social Services Fairview Infirmary			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	300,000	307,000	308,406	1,406
Total revenues	300,000	307,000	308,406	1,406
Expenditures				
Current:				
Health and welfare				
Salaries and wages	361,329	377,829	375,958	(1,871)
Employee benefits	184,640	174,610	175,558	948
Services and supplies	257,250	258,780	259,693	913
Capital outlay	-	-	-	-
Total expenditures	803,219	811,219	811,209	(10)
Revenues over (under) expenditures	(503,219)	(504,219)	(502,803)	1,416
Other financing sources (uses)				
Transfers in	453,219	453,219	453,200	(19)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	453,219	453,219	453,200	(19)
Net changes in fund balances	(50,000)	(51,000)	(49,603)	1,397
Fund balances, beginning of year	120,346	120,346	120,346	-
Fund balances, end of year	\$ 70,346	\$ 69,346	\$ 70,743	\$ 1,397

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Probate Court Youth Center			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,906,416	1,911,416	2,242,034	330,618
Contributions from local units	-	-	-	-
Charges for services	175,550	175,550	109,240	(66,310)
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	36,572	41,572	39,531	(2,041)
Total revenues	2,118,538	2,128,538	2,390,805	262,267
Expenditures				
Current:				
Public safety				
Salaries and wages	1,793,523	1,781,323	1,678,187	(103,136)
Employee benefits	1,031,868	1,001,868	895,902	(105,966)
Services and supplies	1,479,578	1,901,866	1,919,129	17,263
Capital outlay	-	-	-	-
Total expenditures	4,304,969	4,685,057	4,493,218	(191,839)
Revenues over (under) expenditures	(2,186,431)	(2,556,519)	(2,102,413)	454,106
Other financing sources (uses)				
Transfers in	2,186,431	2,556,431	2,398,077	(158,354)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	2,186,431	2,556,431	2,398,077	(158,354)
Net changes in fund balances	-	(88)	295,664	295,752
Fund balances, beginning of year	10,333	10,333	10,333	-
Fund balances, end of year	<u>\$ 10,333</u>	<u>\$ 10,245</u>	<u>\$ 305,997</u>	<u>\$ 295,752</u>

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Other Special Revenue Funds			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,000	\$ 1,000	\$ 389	\$ (611)
Licenses and permits	-	-	-	-
Intergovernmental revenues	44,500	44,500	23,559	(20,941)
Contributions from local units	-	-	-	-
Charges for services	30,000	30,000	63,885	33,885
Fines and forfeits	5,000	6,500	6,500	-
Interest and rents	-	-	2,691	2,691
Other revenues	1,110,617	1,116,009	564,624	(551,385)
Total revenues	1,191,117	1,198,009	661,648	(536,361)
Expenditures				
Current:				
General government				
Salaries and wages	20,000	20,000	19,615	(385)
Employee benefits	1,777	1,777	1,743	(34)
Services and supplies	146,987	284,487	62,569	(221,918)
Public Safety				
Services and supplies	30,000	30,000	24,489	(5,511)
Health and welfare				
Salaries and wages	4,000	4,820	2,743	(2,077)
Employee benefits	-	-	-	-
Services and supplies	896,117	896,509	423,556	(472,953)
Recreation and culture				
Salaries and wages	23,950	28,950	9,467	(19,483)
Services and supplies	550	61,450	56,009	(5,441)
Capital outlay	734,400	1,610,504	851,340	(759,164)
Total expenditures	1,857,781	2,938,497	1,451,531	(1,486,966)
Revenues over (under) expenditures	(666,664)	(1,740,488)	(789,883)	950,605
Other financing sources (uses)				
Transfers in	534,000	544,820	547,035	2,215
Transfers (out)	(49,679)	(96,144)	(46,465)	49,679
Total other financing sources (uses)	484,321	448,676	500,570	51,894
Net changes in fund balances	(182,343)	(1,291,812)	(289,313)	1,002,499
Fund balances, beginning of year	1,439,026	1,439,026	1,439,026	-
Fund balances, end of year	\$ 1,256,683	\$ 147,214	\$ 1,149,713	\$ 1,002,499

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NONMAJOR ENTERPRISE FUNDS

Equipment Rental Fund

- Accounts for the reimbursement to the County by Drain districts for the use of county equipment and drain maintenance and repair.

Printing Fund

- Accounts for the reimbursement of the printing department costs by user departments, government entities and agencies.

Engineering Fund

- Accounts for the reimbursement to the County by Drain Districts for the services of engineers, who are employed by the County.

Inmate Commissary Fund

- Used to account for the concession activity for inmates in the county jails.

Revolving Loan Fund

- This fund is used to report activity related to the issuance and repayment of Housing Rehabilitation Loans made to County residents that are eligible to participate in the Community Development Block Grant Housing Rehabilitation Loan program.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2006

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
<u>ASSETS</u>						
Assets						
Current assets:						
Cash and cash equivalents	\$ 238,434	\$ 27,341	\$ 56,898	\$ 136,101	\$ 60,433	\$ 519,207
Due from other governments	-	3,384	-	-	2,000	5,384
Total current assets	238,434	30,725	56,898	136,101	62,433	524,591
Noncurrent assets:						
Loans receivable	-	-	-	-	1,609,237	1,609,237
Capital assets, net	17,005	7,143	-	-	-	24,148
Total noncurrent assets	17,005	7,143	-	-	1,609,237	1,633,385
<u>TOTAL ASSETS</u>	\$ 255,439	\$ 37,868	\$ 56,898	\$ 136,101	\$ 1,671,670	\$ 2,157,976
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities						
Current liabilities:						
Accounts payable	\$ 18,551	\$ 27	\$ -	\$ 605	\$ -	\$ 19,183
Accrued wages and fringes	1,880	2,717	3,509	-	-	8,106
Total liabilities	20,431	2,744	3,509	605	-	27,289
Net assets						
Invested in capital assets	17,005	7,143	-	-	-	24,148
Unrestricted	218,003	27,981	53,389	135,496	1,671,670	2,106,539
Total net assets	235,008	35,124	53,389	135,496	1,671,670	2,130,687
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 255,439	\$ 37,868	\$ 56,898	\$ 136,101	\$ 1,671,670	\$ 2,157,976

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
Operating revenues						
Charges for services	\$ 57,686	\$ 102,605	\$ 100,024	\$ 59,985	\$ 130,595	\$ 450,895
Interest on loan repayments	-	-	-	-	683	683
Other operating revenue	148,109	-	-	-	-	148,109
Total operating revenues	205,795	102,605	100,024	59,985	131,278	599,687
Operating expense						
Cost of services	195,035	153,650	112,873	22,501	252,843	736,902
Depreciation	13,617	1,565	-	-	-	15,182
Total operating expense	208,652	155,215	112,873	22,501	252,843	752,084
Operating income (loss)	(2,857)	(52,610)	(12,849)	37,484	(121,565)	(152,397)
Non-operating revenue						
Intergovernmental revenue	-	-	-	-	245,509	245,509
Change in net assets	(2,857)	(52,610)	(12,849)	37,484	123,944	93,112
Net assets, beginning of year	237,865	87,734	66,238	98,012	1,547,726	2,037,575
Net assets, end of year	<u>\$ 235,008</u>	<u>\$ 35,124</u>	<u>\$ 53,389</u>	<u>\$ 135,496</u>	<u>\$ 1,671,670</u>	<u>\$ 2,130,687</u>

COUNTY OF MONROE, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
Cash flows from operating activities						
Cash received from customers	\$ 250,656	\$ 108,177	\$ 100,024	\$ 59,985	\$ -	\$ 518,842
Collections of housing loan principal	-	-	-	-	179,744	179,744
Collections of housing loan interest	-	-	-	-	129,278	129,278
Cash payments to suppliers for goods and services	(106,201)	(36,677)	(6,282)	(28,072)	(245,509)	(422,741)
Cash payments for employee services	(70,103)	(116,554)	(105,581)	-	-	(292,238)
Housing loans issued	-	-	-	-	(287,051)	(287,051)
Net cash provided by (used in) operating activities	74,352	(45,054)	(11,839)	31,913	(223,538)	(174,166)
Cash flows from non-capital financing activities						
Intergovernmental revenue	-	-	-	-	245,509	245,509
Cash flows from capital and related financing activities						
Purchase of capital assets	-	(7,937)	-	-	-	(7,937)
Net increase (decrease) in cash and cash equivalents	74,352	(52,991)	(11,839)	31,913	21,971	63,406
Cash and cash equivalents, beginning of year	164,082	80,332	68,737	104,188	38,462	455,801
Cash and cash equivalents, end of year	\$ 238,434	\$ 27,341	\$ 56,898	\$ 136,101	\$ 60,433	\$ 519,207

(Continued...)

COUNTY OF MONROE, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
Cash flows from operating activities						
Operating income (loss)	\$ (2,857)	\$ (52,610)	\$ (12,849)	\$ 37,484	\$ (121,565)	\$ (152,397)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	13,617	1,565	-	-	-	15,182
Bad dept expense	-	-	-	-	7,333	7,333
(Increase) decrease in:						
Due from other governments	-	5,572	-	-	(2,000)	3,572
Due from component unit	44,861	-	-	-	-	44,861
Loans receivable	-	-	-	-	(107,306)	(107,306)
Increase (decrease) in:						
Accounts payable	18,105	(526)	(55)	(5,571)	-	11,953
Accrued wages and fringes	626	945	1,065	-	-	2,636
Net cash provided by (used in) operating activities	<u>\$ 74,352</u>	<u>\$ (45,054)</u>	<u>\$ (11,839)</u>	<u>\$ 31,913</u>	<u>\$ (223,538)</u>	<u>\$ (174,166)</u>

INTERNAL SERVICE FUNDS

Office Equipment Pool Fund	<ul style="list-style-type: none">• Used to record the operations of an office equipment pool.
Telephone Fund	<ul style="list-style-type: none">• Accounts for the reimbursement of telephone costs by user departments.
Banked Sick Pay Fund	<ul style="list-style-type: none">• Established to record the liability and related costs associated with banked sick pay accumulated prior to July 1, 1986.
Dental Insurance Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to dental insurance claims.
Unemployment Compensation Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to unemployment compensation claims.
Health Insurance Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to health insurance claims.
Workers' Compensation Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to workers' compensation claims.
Long-Term Disability Fund	<ul style="list-style-type: none">• Established in order to pay employee wages and certain benefits while on short or long-term disability.
Liability Insurance Fund	<ul style="list-style-type: none">• Established in order to pay the liability insurance of the County.
Tax Collection Insurance Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to insurance for local entities for tax collection requirements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006

Office Equipment Pool	Telephone	Banked Sick Pay	Dental Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Long-Term Disability	Liability Insurance	Tax Collection Insurance	Total
\$ 216,728	\$ 132,139	\$ 156,283	\$ 255,734	\$ 494,717	\$ 2,735,273	\$ 497,984	\$ 85,457	\$ 204,430	\$ 4,771	\$ 4,783,516
-	-	-	-	-	7,534	-	-	-	-	7,534
216,728	132,139	156,283	255,734	494,717	2,742,807	497,984	85,457	204,430	4,771	4,791,050
-	-	-	-	-	-	-	-	-	-	-
397,387	-	-	-	-	-	-	-	-	-	366,121
397,387	-	-	-	-	-	-	-	-	-	397,387
-	-	-	-	-	-	-	-	-	-	-
614,115	132,139	156,283	255,734	494,717	2,742,807	497,984	85,457	570,551	4,771	5,554,558

ASSETS**Assets**

Current assets:

Cash and cash equivalents
Accounts receivable

Total current assets

Noncurrent assets:

Restricted assets - cash and cash equivalents
Capital assets being depreciated, net
Total noncurrent assets

TOTAL ASSETS**LIABILITIES AND NET ASSETS****Liabilities**

Current liabilities:

Accounts payable
Compensated absences payable
Other accrued liabilities

Total current liabilities

Noncurrent liabilities:

Advances from other funds

Total liabilities

Net assets

Unrestricted

**TOTAL LIABILITIES AND
NET ASSETS**

\$ -	\$ 7,121	\$ -	\$ -	\$ -	\$ 74,579	\$ 1,947	\$ -	\$ -	\$ -	\$ 83,647
-	-	156,283	-	-	-	-	-	-	-	156,283
-	-	-	39,204	7,463	523,161	261,286	11,902	212,455	-	1,055,471
-	7,121	156,283	39,204	7,463	597,740	263,233	11,902	212,455	-	1,295,401
389,474	-	-	-	-	-	-	-	-	-	389,474
389,474	7,121	156,283	39,204	7,463	597,740	263,233	11,902	212,455	-	1,684,875
224,641	125,018	-	216,530	487,254	2,145,067	234,751	73,555	358,096	4,771	3,869,683
614,115	132,139	156,283	255,734	494,717	2,742,807	497,984	85,457	570,551	4,771	5,554,558

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2006

	Office Equipment Pool	Telephone	Banked Sick Pay	Dental Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Long-Term Disability	Liability Insurance	Tax Collection Insurance	Total
Operating revenues											
Charges for services	\$ -	\$ 149,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,911
Employer contributions	-	-	-	473,284	262,134	5,806,363	350,310	505,174	909,993	-	8,307,258
Employee contributions	-	-	-	2,526	-	124,180	-	-	-	-	126,706
Other revenue	84,991	-	-	56,281	-	127,138	605	890	11,544	-	281,449
Total operating revenues	84,991	149,911	-	532,091	262,134	6,057,681	350,915	506,064	921,537	-	8,865,324
Operating expense											
Administrative costs	-	130,568	-	51,359	-	20,904	20,365	310	-	-	223,506
Benefit payments	-	-	-	396,530	34,539	5,956,736	334,634	250,502	-	-	6,972,941
Liability insurance	-	-	-	-	-	-	-	-	568,660	2,652	571,312
Depreciation	59,576	-	-	-	-	-	-	-	-	-	59,576
Total operating expense	59,576	130,568	-	447,889	34,539	5,977,640	354,999	250,812	568,660	2,652	7,827,335
Operating income (loss)	25,415	19,343	-	84,202	227,595	80,041	(4,084)	255,252	352,877	(2,652)	1,037,989
Non-operating revenue											
Interest earned on investments	-	-	-	-	22,417	71,421	-	-	3,284	-	97,122
Income before transfers	25,415	19,343	-	84,202	250,012	151,462	(4,084)	255,252	356,161	(2,652)	1,135,111
Transfers											
Transfers (out)	-	-	-	-	(265,000)	-	-	(250,000)	-	-	(515,000)
Change in net assets	25,415	19,343	-	84,202	(14,988)	151,462	(4,084)	5,252	356,161	(2,652)	620,111
Net assets, beginning of year	199,226	105,675	-	132,328	502,242	1,993,605	238,835	68,303	1,935	7,423	3,249,572
Net assets, end of year	\$ 224,641	\$ 125,018	\$ -	\$ 216,530	\$ 487,254	\$ 2,145,067	\$ 234,751	\$ 73,555	\$ 358,096	\$ 4,771	\$ 3,869,683

COUNTY OF MONROE, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2006

	Office Equipment Pool	Telephone	Banked Sick Pay	Dental Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Long-Term Disability	Liability Insurance	Tax Collection Insurance	Total
Cash flows from operating activities											
Cash received from customers	\$ 84,991	\$ 149,911	\$ -	\$ 532,091	\$ 266,662	\$ 6,059,203	\$ 420,915	\$ 507,231	\$ 982,895	\$ -	\$ 9,003,899
Cash payments to suppliers for goods and services	-	(131,063)	(83,966)	-	-	-	-	-	(720,046)	(2,652)	(937,727)
Cash payments for employee benefits	-	-	-	(450,918)	(37,316)	(5,650,572)	(207,744)	(312,464)	-	-	(6,659,014)
Net cash provided by (used in) operating activities	84,991	18,848	(83,966)	81,173	229,346	408,631	213,171	194,767	262,849	(2,652)	1,407,158
Cash flows from non-capital financing activities											
Transfers out	-	-	-	-	(265,000)	-	-	(250,000)	-	-	(515,000)
Cash flows from capital and related financing activities											
Purchase of capital assets	(62,812)	-	-	-	-	-	-	-	-	-	(62,812)
Repayment of long-term advances	(31,154)	-	-	-	-	-	-	-	-	-	(31,154)
Net cash used by capital and related financing activities	(93,966)	-	-	-	-	-	-	-	-	-	(93,966)
Cash flows from investing activities											
Proceeds from maturity of investments	-	-	-	-	500,000	1,000,000	-	-	150,000	-	1,650,000
Interest received	-	-	-	-	22,417	71,421	-	-	3,284	-	97,122
Net cash provided by investing activities	-	-	-	-	522,417	1,071,421	-	-	153,284	-	1,747,122
Net increase (decrease) in cash and cash equivalents	(8,975)	18,848	(83,966)	81,173	486,763	1,480,052	213,171	(55,233)	416,133	(2,652)	2,545,314
Cash and cash equivalents, beginning of year	225,703	113,291	240,249	174,561	7,954	1,255,221	284,813	140,690	154,418	7,423	2,604,323
Cash and cash equivalents, end of year	\$ 216,728	\$ 132,139	\$ 156,283	\$ 255,734	\$ 494,717	\$ 2,735,273	\$ 497,984	\$ 85,457	\$ 570,551	\$ 4,771	\$ 5,149,637

COUNTY OF MONROE, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2006

Office Equipment Pool	Telephone	Banked Sick Pay	Dental Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Long-Term Disability	Liability Insurance	Tax Collection Insurance	Total
\$ 25,415	\$ 19,343	\$ -	\$ 84,202	\$ 227,595	\$ 80,041	\$ (4,084)	\$ 255,252	\$ 352,877	\$ (2,652)	\$ 1,037,989
59,576	-	-	-	-	-	-	-	-	-	59,576
-	-	-	-	4,528	1,522	-	1,167	1,358	-	8,575
-	-	-	-	-	-	70,000	-	60,000	-	130,000
-	(495)	-	-	-	74,580	(1,706)	(500)	-	-	71,879
-	-	(83,966)	-	-	-	-	-	-	-	(83,966)
-	-	-	(3,029)	(2,777)	252,488	148,961	(1,152)	(81,386)	-	313,105
-	-	-	-	-	-	-	(60,000)	(70,000)	-	(130,000)
\$ 84,991	\$ 18,848	\$ (83,966)	\$ 81,173	\$ 229,346	\$ 408,631	\$ 213,171	\$ 194,767	\$ 262,849	\$ (2,652)	\$ 1,407,158

Cash flows from operating activities

Operating income (loss)
Adjustments to reconcile operating income (loss)
to net cash provided (used) by operating activities:
Depreciation expense
(Increase) decrease in:
Accounts receivable
Due from other funds
Increase (decrease) in:
Accounts payable
Compensated absences payable
Other accrued liabilities - IBNR
Due to other funds

Net cash provided by (used in) operating activities

FIDUCIARY FUNDS

Employees' Retirement System Trust Fund	<ul style="list-style-type: none">• Used to account for the financial operations of the Monroe County Employees' Retirement System. The system is administered by a nine-member board of trustees, while the County acts as the custodian of the system.
Retiree Health Insurance Trust Fund	<ul style="list-style-type: none">• Used to account for the operations of this fund for current retiree hospitalization benefits and their subsequent disbursement.
General Agency Fund	<ul style="list-style-type: none">• Used to account for monies deposited with the County Treasurer that are to be released at a later date.
Current Tax Collection Agency Fund	<ul style="list-style-type: none">• Used to record the collection of current property taxes and their subsequent disbursement to various municipalities, school districts and other governmental units.
Imprest Payroll Agency Fund	<ul style="list-style-type: none">• Used to account for the County's payroll and related withholdings.
Court Orders Agency Fund	<ul style="list-style-type: none">• Used to account for bond and other monies held by the Circuit Court.
Penal Fines Agency Fund	<ul style="list-style-type: none">• Used to account for monies received by the District and Circuit Courts for penal fines that are subsequently disbursed to public libraries.
Escheats Probate Court Agency Fund	<ul style="list-style-type: none">• Used to account for monies that have not been claimed and are subsequently disbursed to the State of Michigan.
Clearing Account Agency Fund	<ul style="list-style-type: none">• Used as a clearing account for the County's disbursements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2006

	Employees' Retirement System	Retiree Health Insurance	Total
Assets			
Cash and cash equivalents	\$ 55,256	\$ 373,061	\$ 428,317
Investments at fair value:			
U.S. treasuries	15,358,063	1,029,177	16,387,240
U.S. agencies	18,753,941	2,275,197	21,029,138
Foreign government bonds	12,184,739	-	12,184,739
Corporate bonds	22,726,911	2,640,278	25,367,189
Bond mutual fund	1,450,896	910,710	2,361,606
Domestic equities	50,966,719	9,830,267	60,796,986
International equities	9,833,815	-	9,833,815
American depository receipts	33,205,965	-	33,205,965
Real estate investment trusts	1,091,555	-	1,091,555
Collateralized mortgage obligations	2,039,359	-	2,039,359
Money market accounts	9,335,498	570,115	9,905,613
Contributions receivable	40,752	-	40,752
Interest receivable	959,825	-	959,825
 Total assets	 178,003,294	 17,628,805	 195,632,099
Liabilities			
Accounts payable	316,931	-	316,931
Foreign currency forward contracts payable	154,112	-	154,112
 Total liabilities	 471,043	 -	 471,043
 Net assets held in trust for pension benefits and other purposes	 \$ 177,532,251	 \$ 17,628,805	 \$ 195,161,056

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Plan Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2006

	Employees' Retirement System	Retiree Health Insurance	Total
Additions			
Investment income:			
<i>From investing activities</i>			
Net appreciation in fair value of investments	\$ 13,590,464	\$ 1,435,306	\$ 15,025,770
Interest and dividends	5,715,548	550,009	6,265,557
Total investment gain	19,306,012	1,985,315	21,291,327
Less: investment management fees	(1,061,366)	(125,334)	(1,186,700)
Net gain from investing activities	18,244,646	1,859,981	20,104,627
<i>From securities lending activities</i>			
Gross earnings	1,907,830	-	1,907,830
Borrower rebates	(1,788,873)	-	(1,788,873)
Security lending fees	(47,607)	-	(47,607)
Net income from securities lending activities	71,350	-	71,350
Total net investment gain	18,315,996	1,859,981	20,175,977
Contributions:			
Employer	3,170,195	5,577,081	8,747,276
Employee	329,125	246,811	575,936
Time purchase	30,434	-	30,434
Total contributions	3,529,754	5,823,892	9,353,646
Total additions	21,845,750	7,683,873	29,529,623
Deductions			
Benefit payments	6,724,484	2,106,377	8,830,861
Refunds of contributions	612,617	78,262	690,879
Administrative expenses/premiums paid	268,517	14,725	283,242
Total deductions	7,605,618	2,199,364	9,804,982
Net additions to net assets held in trust	14,240,132	5,484,509	19,724,641
Net assets held in trust for pension benefits and other purposes			
Beginning of year	163,292,119	12,144,296	175,436,415
End of year	\$ 177,532,251	\$ 17,628,805	\$ 195,161,056

COUNTY OF MONROE, MICHIGAN
Combining Statement of Assets and Liabilities
All Agency Funds
December 31, 2006

	General Agency	Current Tax Collection	Imprest Payroll	Penal Fines	Escheats Probate Court	Clearing Account	Total
Assets							
Cash and cash equivalents	\$ 1,132,456	\$ 964,033	\$ 124,268	\$ 10,999	\$ 16,507	\$ 22,534	\$ 2,270,797
Liabilities							
Accounts payable	\$ 1,381	\$ -	\$ 11,136	\$ -	\$ -	\$ -	\$ 12,517
Due to other governments	375,705	-	111,719	10,999	-	-	498,423
Undistributed taxes - current levy	-	964,033	-	-	-	-	964,033
Undistributed taxes - other	105,516	-	-	-	-	-	105,516
Other undistributed receipts	649,854	-	1,413	-	16,507	22,534	690,308
Total liabilities	\$ 1,132,456	\$ 964,033	\$ 124,268	\$ 10,999	\$ 16,507	\$ 22,534	\$ 2,270,797

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>General Agency</u>				
Assets				
Cash and cash equivalents	\$ 610,749	\$ 9,311,649	\$ 8,789,942	\$ 1,132,456
Investments	500,000	500,000	1,000,000	-
Total assets	\$ 1,110,749	\$ 9,811,649	\$ 9,789,942	\$ 1,132,456
Liabilities				
Accounts payable	\$ 4,397	\$ 8,106,389	\$ 8,109,405	\$ 1,381
Due to other governments	441,478	6,884,774	6,950,547	375,705
Undistributed taxes - other	69,063	221,866	185,413	105,516
Other undistributed receipts	595,811	2,144,407	2,090,364	649,854
Total liabilities	\$ 1,110,749	\$ 17,357,436	\$ 17,335,729	\$ 1,132,456
<u>Current Tax Collection</u>				
Assets				
Cash and cash equivalents	\$ 1,411,037	\$ 98,909,221	\$ 99,356,225	\$ 964,033
Investments	-	-	-	-
Total assets	\$ 1,411,037	\$ 98,909,221	\$ 99,356,225	\$ 964,033
Liabilities				
Accounts payable	\$ -	\$ 33,682,591	\$ 33,682,591	\$ -
Undistributed taxes - current levy	1,411,037	78,510,555	78,957,559	964,033
Total liabilities	\$ 1,411,037	\$ 112,193,146	\$ 112,640,150	\$ 964,033

continued...

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Imprest Payroll</u>				
Assets				
Cash and cash equivalents	\$ 120,308	\$ 32,543,737	\$ 32,539,777	\$ 124,268
Liabilities				
Accounts payable	\$ 11,669	\$ 2,718,643	\$ 2,719,176	\$ 11,136
Due to other governments	108,541	8,475,084	8,471,906	111,719
Other undistributed receipts	98	20,950,136	20,948,821	1,413
Total liabilities	\$ 120,308	\$ 32,143,863	\$ 32,139,903	\$ 124,268
<u>Penal Fines</u>				
Assets				
Cash and cash equivalents	\$ 10,456	\$ 1,706,416	\$ 1,705,873	\$ 10,999
Liabilities				
Due to other governments	\$ 10,456	\$ 1,706,416	\$ 1,705,873	\$ 10,999
<u>Escheats Probate Court</u>				
Assets				
Cash and cash equivalents	\$ 17	\$ 26,894	\$ 10,404	\$ 16,507
Liabilities				
Other undistributed receipts	\$ 17	\$ 26,894	\$ 10,404	\$ 16,507

continued...

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Clearing Account</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 434,480,920	\$ 434,458,386	\$ 22,534
Liabilities				
Other undistributed receipts	\$ -	\$ 46,020	\$ 23,486	\$ 22,534
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 2,152,567	\$ 576,978,837	\$ 576,860,607	\$ 2,270,797
Investments	500,000	500,000	1,000,000	-
Total assets	\$ 2,652,567	\$ 577,478,837	\$ 577,860,607	\$ 2,270,797
Liabilities				
Accounts payable	\$ 16,066	\$ 44,507,623	\$ 44,511,172	\$ 12,517
Due to other governments	560,475	17,066,274	17,128,326	498,423
Undistributed taxes - current levy	1,411,037	78,510,555	78,957,559	964,033
Undistributed taxes - other	69,063	221,866	185,413	105,516
Other undistributed receipts	595,926	23,167,457	23,073,075	690,308
Total liabilities	\$ 2,652,567	\$ 163,473,775	\$ 163,855,545	\$ 2,270,797

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

COUNTY OF MONROE, MICHIGAN
Comparative Schedule of Capital Assets Used in the
Operation of Governmental Funds by Source
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Capital assets used in governmental funds :		
Land and improvements	\$ 832,200	\$ 625,137
Buildings and improvements	49,625,501	48,998,293
Machinery and equipment	13,349,470	12,440,340
Vehicular equipment	2,244,525	2,026,581
	<hr/>	<hr/>
Total capital assets used in governmental funds	<u>\$ 66,051,696</u>	<u>\$ 64,090,351</u>
Capital assets used in governmental funds by source:		
General fund	\$ 10,230,751	\$ 8,950,941
Special revenue funds	6,389,670	6,225,859
Capital projects funds	49,431,275	48,913,551
	<hr/>	<hr/>
Total capital assets used in governmental funds	<u>\$ 66,051,696</u>	<u>\$ 64,090,351</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF MONROE, MICHIGAN
Schedule of Capital Assets Used in the
Operation of Governmental Funds
By Function and Activity
December 31, 2006

	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Vehicular Equipment	Total
General government					
District Court	\$ -	\$ 222,542	\$ 195,494	\$ 21,639	\$ 439,675
Clerk/Register of Deeds	-	-	196,435	-	196,435
General Services Administration	233,323	16,626,358	2,857,299	92,565	19,809,545
Total general government	233,323	16,848,900	3,249,228	114,204	20,445,655
Public safety					
Law Enforcement and Corrections - Sheriff	-	18,917,990	1,727,696	1,696,905	22,342,591
Youth Center	-	1,315,876	37,226	16,400	1,369,502
Emergency Management Division	-	590,009	1,676,401	-	2,266,410
Central Dispatch	-	349,525	6,514,538	46,263	6,910,326
Animal Control Division	-	453,077	-	98,409	551,486
Total public safety	-	21,626,477	9,955,861	1,857,977	33,440,315
Public works - Drain Commissioner	-	-	15,982	22,802	38,784
Health and welfare					
Public Health Department	-	2,353,705	42,980	99,343	2,496,028
Community Mental Health	-	2,568,288	-	-	2,568,288
Fairview Infirmary	-	1,459,889	-	-	1,459,889
Total health and welfare	-	6,381,882	42,980	99,343	6,524,205
Community and economic development	-	-	38,764	-	38,764
Culture and recreation					
Historical Commission	-	1,953,322	-	10,580	1,963,902
Parks and Recreation	598,877	159,996	46,655	139,619	945,147
Library System	-	2,654,924	-	-	2,654,924
Total culture and recreation	598,877	4,768,242	46,655	150,199	5,563,973
Total capital assets used in governmental funds	\$ 832,200	\$ 49,625,501	\$ 13,349,470	\$ 2,244,525	\$ 66,051,696

COUNTY OF MONROE, MICHIGAN
Schedule of Changes in Capital Assets Used in the
Operation of Governmental Funds
By Function and Activity
For the Year Ended December 31, 2006

	Beginning Balance	Additions	Deletions	Ending Balance
General government				
District Court	\$ 630,716	\$ -	\$ 191,041	\$ 439,675
Probate Court	34,180	-	34,180	-
Clerk/Register of Deeds	245,693	-	49,258	196,435
General Services Administration	19,433,943	1,156,495	780,893	19,809,545
Total general government	20,344,532	1,156,495	1,055,372	20,445,655
Public safety				
Law Enforcement and Corrections - Sheriff	22,211,176	312,357	180,942	22,342,591
Youth Center	1,380,980	-	11,478	1,369,502
Emergency Management Division	1,208,701	1,078,324	20,615	2,266,410
Central Dispatch	6,474,543	441,279	5,496	6,910,326
Animal Control Division	551,486	-	-	551,486
Total public safety	31,826,886	1,831,960	218,531	33,440,315
Public works - Drain Commissioner	38,784	-	-	38,784
Health and welfare				
Public Health Department	2,494,554	13,774	12,300	2,496,028
Community Mental Health	2,568,288	-	-	2,568,288
Fairview Infirmary	1,459,889	-	-	1,459,889
Total health and welfare	6,522,731	13,774	12,300	6,524,205
Planning and development	38,764	-	-	38,764
Culture and recreation				
Historical Commission	1,938,902	25,000	-	1,963,902
Parks and Recreation	724,828	248,099	27,780	945,147
Library System	2,654,924	-	-	2,654,924
Total culture and recreation	5,318,654	273,099	27,780	5,563,973
Total capital assets used in governmental funds	\$ 64,090,351	\$ 3,275,328	\$ 1,313,983	\$ 66,051,696

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**DRAIN
COMPONENT UNIT**

COUNTY OF MONROE, MICHIGAN
Statement of Net Assets / Governmental Funds Balance Sheet
Drain Commission Component Unit
December 31, 2006

	Debt Service	Capital Projects			Total	Adjustments	Statement of Net Assets
	Special Drain	Drain	Special Drain	Drain Revolving			
Assets							
Cash and cash equivalents	\$ 1,253	\$ 1,980,473	\$ 56,860	\$ 132,176	\$ 2,170,762	\$ -	\$ 2,170,762
Special assessments receivable	121,893	496,466	-	-	618,359	-	618,359
Unlevied special assessments	936,000	-	-	-	936,000	-	936,000
Due from other funds	16,964	-	-	467,824	484,788	(484,788)	-
Capital assets, net	-	-	-	-	-	24,574,535	24,574,535
Total assets	\$ 1,076,110	\$ 2,476,939	\$ 56,860	\$ 600,000	\$ 4,209,909	\$ 24,089,747	\$ 28,299,656
Liabilities							
Due to other funds	\$ -	\$ 484,788	\$ -	\$ -	\$ 484,788	\$ (484,788)	\$ -
Interest payable	-	-	-	-	-	10,350	10,350
Advance from primary government	-	-	-	600,000	600,000	-	600,000
Deferred revenue	1,064,747	573,501	-	-	1,638,248	(1,638,248)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	311,100	311,100
Due beyond one year	-	-	-	-	-	892,600	892,600
Total liabilities	1,064,747	1,058,289	-	600,000	2,723,036	(908,986)	1,814,050
Fund balances							
Unreserved, undesignated	11,363	1,418,650	56,860	-	1,486,873	(1,486,873)	-
Total fund balances	11,363	1,418,650	56,860	-	1,486,873	(1,486,873)	-
Total liabilities and fund balances	\$ 1,076,110	\$ 2,476,939	\$ 56,860	\$ 600,000	\$ 4,209,909		
Net assets							
Invested in capital assets, net of related debt						23,370,835	23,370,835
Restricted for debt service						1,065,760	1,065,760
Restricted for construction						2,049,011	2,049,011
Total net assets						\$ 26,485,606	26,485,606
Total liabilities and net assets						\$ 28,299,656	\$ 28,299,656

COUNTY OF MONROE, MICHIGAN
Statement of Activities / (Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
Drain Commission Component Unit
For the Year Ended December 31, 2006

	Debt Service	Capital Projects			Total	Adjustments	Statement of Activities
	Special Drain	Drain	Special Drain	Drain Revolving			
Revenues							
Special assessments	\$ -	\$ 741,295	\$ -	\$ -	\$ 741,295	\$ (230,271)	\$ 511,024
Charges for services	-	36,726	-	-	36,726	-	36,726
Interest revenue	744	95,969	10,053	-	106,766	-	106,766
Total revenues	744	873,990	10,053	-	884,787	(230,271)	654,516
Expenditures/Expenses							
Debt service:							
Principal	309,600	-	-	-	309,600	(309,600)	-
Interest and fiscal charges	64,334	-	-	-	64,334	167	64,501
Public works	-	339,274	114,551	-	453,825	485,222	939,047
Total expenditures/expenses	373,934	339,274	114,551	-	827,759	175,789	1,003,548
Revenues over (under) expenditures/expenses	(373,190)	534,716	(104,498)	-	57,028	(406,060)	(349,032)
Other financing sources (uses)							
Transfers in	373,934	151,657	73,755	-	599,346	(599,346)	-
Transfers (out)	(5,464)	(480,525)	(113,357)	-	(599,346)	599,346	-
Proceeds from drain notes	-	-	162,000	-	162,000	(162,000)	-
Total other financing sources (uses)	368,470	(328,868)	122,398	-	162,000	(162,000)	-
Capital Contributions							
Developer contributions	-	-	-	-	-	1,652,000	1,652,000
Change in fund balances / net assets	(4,720)	205,848	17,900	-	219,028	1,083,940	1,302,968
Fund balances / net assets, beginning of year	16,083	1,212,802	38,960	-	1,267,845	23,914,793	25,182,638
Fund balances / net assets, end of year	<u>\$ 11,363</u>	<u>\$ 1,418,650</u>	<u>\$ 56,860</u>	<u>\$ -</u>	<u>\$ 1,486,873</u>	<u>\$ 24,998,733</u>	<u>\$ 26,485,606</u>

STATISTICAL SECTION

This part of the County of Monroe's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends (schedules 1 through 4)

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (schedules 5 through 8)

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity (schedules 9 through 11)

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (schedules 12 and 13)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (schedules 14 through 16)

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

MONROE COUNTY
Net Assets by Component
Last Five Years (A)
(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 31,168,752	\$ 25,272,494	\$ 19,321,982	\$ 20,584,332	\$ 24,232,587
Restricted	2,243,437	2,413,275	5,742,120	5,157,304	8,095,270
Unrestricted	37,094,267	10,862,697	27,108,655	32,714,604	38,137,043
Total governmental activities net assets	<u>\$ 70,506,456</u>	<u>\$ 38,548,466</u>	<u>\$ 52,172,757</u>	<u>\$ 58,456,240</u>	<u>\$ 70,464,900</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 27,433	\$ 74,045	\$ 48,833	\$ 31,393	\$ 24,148
Unrestricted	6,499,350	6,723,144	6,689,342	8,431,906	8,579,254
Total business-type activities net assets	<u>\$ 6,526,783</u>	<u>\$ 6,797,189</u>	<u>\$ 6,738,175</u>	<u>\$ 8,463,299</u>	<u>\$ 8,603,402</u>
Primary government					
Invested in capital assets, net of related debt	\$ 31,196,185	\$ 25,346,539	\$ 19,370,815	\$ 20,615,725	\$ 24,256,735
Restricted	2,243,437	2,413,275	5,742,120	5,157,304	8,095,270
Unrestricted	43,593,617	17,585,841	33,797,997	41,146,510	46,716,297
Total primary government net assets	<u>\$ 77,033,239</u>	<u>\$ 45,345,655</u>	<u>\$ 58,910,932</u>	<u>\$ 66,919,539</u>	<u>\$ 79,068,302</u>

(A) - Monroe County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly, data prior to 2002 is not available.

Source: Monroe County Finance Department

MONROE COUNTY
Changes in Net Assets
Last Five Years (A)
(accrual basis of accounting)

	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 18,235,625	\$ 18,640,155	\$ 17,848,110	\$ 18,748,573	\$ 18,404,915
Public safety	24,910,624	24,035,943	27,174,720	27,191,465	28,641,779
Public works	158,600	518,335	683,423	1,121,479	1,346,748
Health and welfare	10,443,789	11,515,050	12,164,462	12,102,039	12,096,024
Community and economic development	802,985	734,342	832,725	721,829	679,131
Recreation and culture	5,771,465	641,762	559,637	593,013	626,794
Interest on long-term debt	589,087	508,342	470,727	435,690	337,307
Total governmental activities expenses	60,912,175	56,593,929	59,733,804	60,914,088	62,132,698
Business-type activities:					
Delinquent tax	32,588	99,116	-	102,933	182,571
Equipment rental	138,497	99,689	270,452	227,823	208,652
Imaging services	147,985	157,643	165,297	161,890	155,215
Engineering	90,877	99,363	98,410	99,067	112,874
Inmate commissary	37,123	49,655	37,046	38,791	22,500
Revolving loan	-	-	-	11,086	252,843
Total business-type activities expenses	447,070	505,466	571,205	641,590	934,655
Total primary government expenses	61,359,245	57,099,395	60,305,009	61,555,678	63,067,353
Program revenues					
Governmental activities:					
Charges for services:					
General government	4,311,770	6,556,146	5,670,054	6,076,183	5,807,235
Public safety	5,959,351	6,202,635	2,063,039	2,198,258	2,273,765
Health and welfare	1,833,578	1,997,615	1,600,143	1,420,800	1,388,373
Community and economic development	49,288	31,706	31,117	13,928	59,666
Recreation and culture	259,468	7,465	4,022	2,361	522,040
Other activities	-	-	-	471,903	-
Operating grants and contributions	10,518,822	10,650,357	16,235,565	14,982,978	16,465,868
Capital grants and contributions	693	137,456	5,965,098	-	96,320
Total governmental activities program revenues	22,932,970	25,583,380	31,569,038	25,166,411	26,613,267
Business-type activities:					
Charges for services:					
Delinquent tax	-	-	1,083,871	1,389,228	1,502,971
Equipment rental	185,006	120,264	239,052	215,777	205,795
Imaging services	148,042	156,910	154,205	142,687	102,605
Engineering	43,568	84,527	106,033	105,060	100,024
Inmate commissary	53,602	55,896	52,344	59,202	59,985
Revolving loan	-	-	-	6,753	376,787
Total business-type activities program revenues	430,218	417,597	1,635,505	1,918,707	2,348,167
Total primary government program revenues	23,363,188	26,000,977	33,204,543	27,085,118	28,961,434
Net (Expense)/Revenue					
Government activities	(37,979,205)	(31,010,549)	(28,164,766)	(35,747,677)	(35,519,431)
Business-type activities	(16,852)	(87,869)	1,064,300	1,277,117	1,413,512
Total primary government net expense	(37,996,057)	(31,098,418)	(27,100,466)	(34,470,560)	(34,105,919)

Continued...

MONROE COUNTY
Changes in Net Assets (Concluded)
Last Five Years (A)
(accrual basis of accounting)

	2002	2003	2004	2005	2006
General Revenues					
Governmental activities:					
Property taxes	\$ 30,902,856	\$ 27,672,966	\$ 36,717,917	\$ 38,059,005	\$ 41,085,203
Unrestricted grants and contributions	3,768,647	2,597,140	2,592,308	3,367,087	2,875,071
Rents and other revenue	3,627,274	1,161,546	676,881	-	-
Investment earnings	808,397	587,589	502,858	1,077,198	2,212,567
Transfers	(1,171,789)	1,106,902	1,130,883	1,145,000	1,330,250
Total governmental activities	<u>37,935,385</u>	<u>33,126,143</u>	<u>41,620,847</u>	<u>43,648,290</u>	<u>47,503,091</u>
Business-type activities:					
Unrestricted grants and contributions	1,038,224	966,672	-	-	-
Rents and other revenue	3,689	-	-	-	-
Investment earnings	-	34,692	7,566	40,945	56,841
Transfers	(782,930)	(1,106,902)	(1,130,883)	(1,145,000)	(1,330,250)
Total business-type activities	<u>258,983</u>	<u>(105,538)</u>	<u>(1,123,317)</u>	<u>(1,104,055)</u>	<u>(1,273,409)</u>
Total primary government	<u>38,194,368</u>	<u>33,020,605</u>	<u>40,497,530</u>	<u>42,544,235</u>	<u>46,229,682</u>
Change in Net Assets					
Government activities	(43,820)	2,115,594	13,456,081	7,900,613	11,983,660
Business-type activities	<u>242,131</u>	<u>(193,407)</u>	<u>(59,017)</u>	<u>173,062</u>	<u>140,103</u>
Total primary government	<u>\$ 198,311</u>	<u>\$ 1,922,187</u>	<u>\$ 13,397,064</u>	<u>\$ 8,073,675</u>	<u>\$ 12,123,763</u>

(A) - Monroe County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly, data prior to 2002 is not available.

Source: Monroe County Finance Department

MONROE COUNTY
Fund Balances - Governmental Funds
Last Five Years (A)
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Reserved	\$ 934,307	\$ 989,833	\$ 936,648	\$ 899,437	\$ 822,978
Unreserved	7,565,188	8,196,377	8,686,349	8,856,487	9,067,005
Total general fund	<u>\$ 8,499,495</u>	<u>\$ 9,186,210</u>	<u>\$ 9,622,997</u>	<u>\$ 9,755,924</u>	<u>\$ 9,889,983</u>
All Other Governmental Funds					
Reserved	\$ 2,258,176	\$ 2,865,794	\$ 1,941,891	\$ 2,264,850	\$ 1,672,162
Unreserved, reported in:					
Special revenue funds	9,569,258	7,763,742	15,935,628	21,079,048	26,541,713
Debt service funds	-	-	1,020,864	497,918	1,333,816
Capital projects funds	2,172,996	2,048,154	1,991,284	2,819,189	4,738,096
Total all other governmental funds	<u>\$ 14,000,430</u>	<u>\$ 12,677,690</u>	<u>\$ 20,889,667</u>	<u>\$ 26,661,005</u>	<u>\$ 34,285,787</u>

(A) - Monroe County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly, data prior to 2002 is not available.

Source: Monroe County Finance Department

MONROE COUNTY **Changes in Fund Balances - Governmental Funds** **Last Ten Years**

(modified accrual basis of accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 23,383,502	\$ 25,198,929	\$ 25,290,631	\$ 26,376,794	\$ 29,171,134	\$ 30,489,470	\$ 27,672,966	\$ 36,717,917	\$ 38,059,005	\$ 39,701,844
Licenses and permits	489,617	504,321	506,205	508,910	515,211	518,553	536,555	584,690	558,533	571,509
Intergovernmental and local units	12,069,889	14,396,605	14,722,761	17,510,610	14,737,989	15,773,253	14,841,696	22,200,448	14,982,978	17,945,547
Charges for services	5,744,070	5,905,406	5,745,034	7,035,495	7,644,348	9,208,073	10,000,720	7,897,951	7,897,298	7,775,265
Fines and forfeits	1,420,980	1,400,404	1,793,627	1,697,437	1,784,057	1,841,398	942,842	986,734	894,199	1,008,840
Interest and rents	1,766,697	1,894,748	2,348,353	2,913,337	2,338,658	1,411,801	1,211,256	1,150,719	1,858,056	2,810,910
Other revenue	1,625,412	1,566,359	1,314,056	2,060,649	2,110,074	2,342,901	2,367,781	2,592,523	3,367,087	2,875,071
Total revenues	46,500,167	50,866,772	51,720,667	58,103,232	58,301,471	61,585,449	57,573,816	72,029,982	67,617,156	72,688,986
Expenditures										
General government	12,627,029	13,989,369	14,134,248	15,057,940	15,986,061	16,633,427	16,892,573	17,246,547	18,046,823	18,361,741
Public safety	14,345,249	14,712,930	16,647,085	18,991,944	21,207,638	22,841,483	23,001,541	26,527,113	25,296,981	27,856,835
Public works	130,875	192,829	124,719	177,830	262,526	93,817	513,775	633,863	1,071,919	1,342,188
Health and welfare	9,779,671	10,038,282	9,784,292	9,889,347	10,627,030	10,278,297	11,369,139	11,128,600	11,934,932	12,137,928
Community and economic development	521,918	478,368	755,633	860,034	721,293	802,985	734,342	843,392	579,605	630,891
Recreation and culture	3,431,834	3,653,805	3,236,772	3,192,446	3,947,080	4,320,936	519,366	434,201	465,329	498,294
Other activities	463,883	466,495	11,702	68,673	33,123	70,755	1,100,877	1,091,005	1,102,073	58,943
Capital outlay	2,249,428	2,874,943	5,997,750	8,995,007	2,540,148	2,534,338	1,393,393	8,070,997	2,104,501	3,275,325
Debt service:										
Principal	705,000	775,000	1,185,000	1,210,000	1,411,309	1,465,832	1,464,140	1,985,061	2,098,195	2,251,341
Interest	452,195	439,556	743,420	740,923	684,020	607,279	527,147	473,321	458,832	361,909
Total expenditures	44,707,082	47,621,577	52,620,621	59,184,144	57,420,228	59,649,149	57,516,293	68,452,100	63,159,190	66,775,395
Revenues over (under) expenditures	1,793,085	3,245,195	(899,954)	(1,080,912)	881,243	1,936,300	57,523	3,577,882	4,457,966	5,913,591
Other financing sources (uses)										
Issuance of debt	-	9,927,237	-	-	-	-	-	3,300,000	-	-
Transfers in	6,718,047	8,867,722	8,759,718	9,686,824	10,206,907	10,630,866	11,374,553	11,723,438	14,622,693	19,710,130
Transfers out	(7,404,130)	(9,601,340)	(9,529,577)	(10,433,035)	(11,028,372)	(11,190,894)	(9,497,831)	(9,952,555)	(12,837,693)	(17,864,880)
Total other financing sources (uses)	(686,083)	9,193,619	(769,859)	(746,211)	(821,465)	(560,028)	1,876,722	5,070,883	1,785,000	1,845,250
Net changes in fund balances	\$ 1,107,002	\$ 12,438,814	\$ (1,669,813)	\$ (1,827,123)	\$ 59,778	\$ 1,376,272	\$ 1,934,245	\$ 8,648,765	\$ 6,242,966	\$ 7,758,841
Debt services as a percentage of noncapital expenditures	2.8%	2.8%	4.3%	4.0%	4.0%	3.8%	3.7%	4.2%	4.4%	4.3%

Source: Monroe County Finance Department

MONROE COUNTY
Assessed and Estimated True Cash Value of Taxable Property
Last Ten Years

Tax Year	Residential Property	Agricultural Property	Commercial Property	Industrial Property	Developmental Property	Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated True Cash Value
1996	\$ 1,826,817,077	\$ 203,217,710	\$ 315,239,064	\$ 1,190,330,292	\$ 9,529,645	\$ 402,218,597	\$ 3,953,328,720	5.4993	\$ 7,935,516,872
1997	2,022,336,487	215,220,767	336,318,941	1,216,879,975	11,093,360	425,983,111	4,227,832,641	5.4993	8,505,370,813
1998	2,281,065,370	236,486,525	387,553,637	1,195,880,912	10,585,016	436,318,417	4,547,889,877	5.4993	9,130,912,500
1999	2,526,263,958	256,010,571	410,396,822	1,241,148,971	11,691,282	463,209,239	4,908,720,843	5.4907	9,855,358,768
2000	2,771,861,752	282,504,066	471,904,770	1,234,191,169	11,011,878	446,051,149	5,217,524,784	5.4843	10,475,156,705
2001	3,066,123,121	293,630,302	519,720,689	1,163,041,197	11,622,138	471,793,096	5,525,930,543	5.4843	11,112,871,803
2002	3,343,306,250	316,306,273	588,621,309	1,127,474,795	12,978,813	488,638,678	5,877,326,118	5.4768	11,823,516,893
2003	3,591,071,882	342,155,453	638,975,155	1,113,076,146	16,428,886	464,976,294	6,166,683,816	5.3773	12,412,251,677
2004	3,868,050,728	373,425,880	695,883,009	1,081,071,159	24,187,555	475,914,307	6,518,532,638	5.4046	13,110,642,494
2005	4,171,394,039	437,947,734	731,115,107	1,042,462,771	45,988,525	489,137,589	6,918,045,765	5.4052	13,926,131,767

Note: Residential, commercial and industrial values are calculated without tax-exempt values.

Note: Taxes levied in December 2005 are used to fund operations in fiscal year 2006.

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

MONROE COUNTY
Direct and Overlapping Property Tax Rates
Last Ten Years

(rate per \$1,000 of taxable value)

		Tax levy year									
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
County direct rates											
Operation	\$	4.85	\$ 4.85	\$ 4.85	\$ 4.85	\$ 4.84	\$ 4.84	\$ 4.83	\$ 4.79	\$ 4.81	\$ 4.80
Jail bond		0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.10	0.11	0.11
Senior citizen		0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.48	0.49	0.50
Total direct rate		5.50	5.50	5.50	5.50	5.48	5.49	5.49	5.39	5.40	5.41
Overlapping rates											
Cities:											
Luna Pier		10.20	10.30	11.31	13.69	13.34	13.12	12.76	10.07	11.11	11.80
Milan		17.99	17.99	16.51	17.50	17.49	18.96	19.21	18.83	18.82	18.71
Monroe		14.64	14.53	14.48	14.75	15.32	15.32	15.33	15.34	15.46	15.80
Petersburg		23.59	22.91	22.57	21.96	21.10	23.94	21.38	21.57	20.34	20.71
Townships (average)	(A)	3.04	2.90	2.86	2.87	2.94	2.64	2.87	2.91	2.91	2.72
School districts (average)	(B)	26.85	26.53	26.65	26.43	27.08	27.51	27.41	25.99	26.97	26.80
Intermediate school districts (average)	(C)	3.99	4.23	4.20	4.14	4.40	4.38	4.72	4.69	4.92	4.89
Community college		2.20	2.20	2.20	2.20	2.20	2.20	2.19	2.18	2.19	2.18
Library		0.49	0.49	0.49	0.49	0.82	0.82	0.82	0.81	1.00	1.00
(A) - Rates range from:											
Low		0.86	0.86	0.85	0.78	0.77	0.76	0.75	0.74	0.73	0.71
High		7.46	6.99	7.01	6.97	7.94	7.84	8.44	9.33	9.39	7.66
(B) - Rates range from:											
Low		24.00	24.00	24.00	23.75	23.75	23.75	23.75	22.75	23.75	23.47
High		31.00	31.00	31.00	30.93	35.00	32.82	32.04	31.01	32.01	32.01
(C) - Rates range from:											
Low		2.00	2.00	2.00	1.99	1.98	1.98	3.46	3.06	4.04	3.46
High		6.69	6.69	6.68	6.61	7.71	7.64	7.55	7.49	7.41	7.34

Note: Taxes levied in December 2005 are used to fund operations in fiscal year 2006.

Source: Monroe County Equalization Office

MONROE COUNTY
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2006 tax levy			1997 tax levy		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Detroit Edison	\$ 822,719,335	1	12.62%	\$ 1,178,001,644	1	31.36%
Automotive Components Holding (formerly Visteon)	104,799,157	2	1.61%	100,559,120	2	2.68%
Consumers Power Co.	75,254,259	3	1.15%	73,019,791	3	1.94%
Macsteel Monroe (formerly North Star)	29,832,080	4	0.46%	24,721,540	4	0.66%
Goodwill Co. (Meijer)	23,780,814	5	0.36%	17,705,690	8	0.47%
Holman Inc. (Holcim)	23,088,046	6	0.35%	23,470,696	5	0.62%
International Transmission Co.	22,524,233	7	0.35%	-	-	
Cabela'a	18,305,544	8	0.28%	-	-	
Frenchtown Square	18,253,393	9	0.28%	14,910,450	9	0.40%
Aquila (formerly Michigan Gas Utilities)	17,129,162	10	0.26%	-	-	
Utilicorp				19,239,648	6	0.51%
TWB/Worthington Steel				18,532,700	7	0.49%
Tenneco				11,118,300	10	0.30%
	<u>\$ 1,155,686,023</u>		<u>17.73%</u>	<u>\$ 1,481,279,579</u>		<u>39.44%</u>

Source: Monroe County Equalization Department.

MONROE COUNTY

Property Tax Levies and Collections

Last Ten Years

Tax levy Year	Adjusted Taxes Levied		Collected within the Fiscal Year of the Levy		Purchased by Tax Revolving Fund	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
1996	\$	21,021,686	\$ 20,130,175	95.76%	\$ 838,533	\$ 20,968,708	99.75%
1997		21,919,008	20,965,852	95.65%	894,150	21,860,002	99.73%
1998		22,825,218	21,782,138	95.43%	971,848	22,753,986	99.69%
1999		23,832,810	22,789,054	95.62%	986,761	23,775,815	99.76%
2000		24,559,624	23,391,875	95.25%	1,080,464	24,472,339	99.64%
2001		25,683,425	24,480,552	95.32%	1,055,116	25,535,668	99.42%
2002		26,781,979	25,486,802	95.16%	1,167,505	26,654,307	99.52%
2003		27,147,744	25,754,590	94.87%	1,283,880	27,038,470	99.60%
2004		28,460,227	26,906,643	94.54%	1,432,657	28,339,300	99.58%
2005		29,799,298	28,389,285	95.27%	1,337,720	29,727,005	99.76%

Note: Taxes levied in December 2005 are used to fund operations in fiscal year 2006.

Source: Monroe County Treasurer's Office

MONROE COUNTY
Ratios of Outstanding Debt by Type
Primary Government
Last Ten Years

Year	General Bonded Debt Outstanding			Other Governmental Activities Debt	Business-type Activities			Total Primary Government	% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	Less:		Total		General Obligation Tax Notes	Installment Loans					
	General Obligation Bonds	Amounts Restricted to Repaying Principal									
1997	\$ 7,935,000	\$ (484,470)	\$ 7,450,530	\$ 341,343	\$ 3,589,000	\$ 168,231	\$ 11,549,104	0.21%	0.09%	\$ 81.27	
1998	16,685,000	(564,814)	16,120,186	614,400	1,000,000	135,595	17,870,181	0.42%	0.19%	124.65	
1999	15,500,000	(861,990)	14,638,010	343,220	2,186,000	100,407	17,267,637	0.36%	0.16%	119.16	
2000	14,290,000	(989,347)	13,300,653	247,173	717,000	62,685	14,327,511	0.31%	0.13%	97.80	
2001	12,980,000	(1,090,780)	11,889,220	144,370	-	18,552	12,052,142	0.28%	0.11%	81.47	
2002	11,620,000	(1,695,657)	9,924,343	-	-	-	9,924,343	0.23%	0.09%	66.51	
2003	10,230,000	(1,827,271)	8,402,729	-	-	-	8,402,729	0.18%	0.07%	55.69	
2004	8,575,000	(1,826,310)	6,748,690	2,969,939	-	-	9,718,629	0.15%	0.05%	63.75	
2005	7,095,000	(1,254,791)	5,840,209	2,351,743	-	-	8,191,952	0.12%	0.04%	53.22	
2006	5,485,000	(2,103,999)	3,381,001	-	-	-	3,381,001	0.07%	0.02%	21.81	

Source: Monroe County Finance Department

MONROE COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2005

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
DIRECT DEBT			
Building authority bonds	\$ 5,485,000	\$ -	\$ 5,485,000
Water bonds	33,650,000	33,650,000	-
Sewer bonds	16,855,000	16,855,000	-
Drain bonds	885,000	142,906	742,094
MTF notes/bonds (a)	5,490,000	5,490,000	-
	<u>\$ 62,365,000</u>	<u>\$ 56,880,000</u>	<u>6,227,094</u>
Net direct debt			
			<u>6,227,094</u>
(a) No County credit pledged on \$2,450,000.			
OVERLAPPING DEBT			
School Districts			97,966,116
Cities			21,252,052
Townships			53,434,881
Villages			<u>29,110,298</u>
Net overlapping debt			<u>201,763,347</u>
NET DIRECT AND OVERLAPPING DEBT			<u>\$ 207,990,441</u>

Source: Municipal Advisory Council of Michigan

MONROE COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2006

Assessed value (December 2005 levy)	\$ 6,918,045,765
Debt limit (10% of assessed value)	691,804,577
Debt applicable to limit:	
Long term debt including component units	66,506,856
Less: Amount set aside for repayment of general obligation debt	(2,491,272)
Total net debt applicable to limit	<u>64,015,584</u>
Legal debt margin	<u><u>\$ 627,788,993</u></u>

<u>Fiscal year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
1997	\$ 395,246,988	\$ 58,137,808	\$ 337,109,180	17.25%
1998	422,757,023	56,844,162	365,912,861	15.53%
1999	454,685,249	52,652,960	402,032,289	13.10%
2000	490,803,240	56,490,321	434,312,919	13.01%
2001	521,721,687	56,409,882	465,311,805	12.12%
2002	552,593,154	60,099,882	492,493,272	12.20%
2003	587,666,449	55,488,400	532,178,049	10.43%
2004	616,668,382	63,319,200	553,349,182	11.44%
2005	651,826,617	66,506,856	585,319,761	11.36%
2006	691,804,577	64,015,584	627,788,993	10.20%

Source: Monroe County Finance Department

MONROE COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1997	142,110	\$ 3,542,979	\$ 24,931	3.60%
1998	143,365	3,793,886	26,463	2.90%
1999	144,913	4,085,851	28,195	2.80%
2000	146,501	4,281,285	29,224	3.20%
2001	147,942	4,239,589	28,657	4.40%
2002	149,225	4,329,107	29,011	5.20%
2003	150,888	4,554,626	30,185	6.10%
2004	152,451	4,592,010	30,121	6.20%
2005	153,935	4,747,388	30,840	6.10%
2006	155,000	4,747,388 (a)	30,628	6.50%

(a) Updated data not available at the time of publication.

Sources: U.S. Census Bureau, U.S. Department of Commerce
Michigan Department of Career Development Employment Service Agency
Michigan Economic Development Corporation

MONROE COUNTY
Principal Employers

Employer	2006			1998		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Visteon Corp.	2,000	1	3.39%	1,400	2	2.58%
Detroit Edison Corp.	1,500	2	2.55%	1,480	1	2.72%
Mercy Memorial Hospital	1,300	3	2.21%	811	4	1.49%
Meijer Inc.	1,025	4	1.74%	900	3	1.66%
Monroe Public Schools	1,000	5	1.70%	803	5	1.48%
Monroe County	741	6	1.26%	786	6	1.45%
Bedford Public Schools	725	7	1.23%	515	7	0.95%
Cabela's	650	8	1.10%	-	-	0.00%
North Star Steel	500	9	0.85%	-	-	0.00%
Monroe Auto Equipment	500	9	0.85%	500	8	0.92%
Guardian Industries Corp.	500	9	0.85%	500	8	0.92%
La-Z-Boy Inc	500	9	0.85%	500	8	0.92%
	<u>10,941</u>		<u>18.57%</u>	<u>8,195</u>		<u>15.08%</u>

Source: Monroe County Finance Department

Note: principal employer data was not available for 1997. The most comparable data to each year is shown.

MONROE COUNTY
Full-Time County Primary Government Employees by Function/Program
Last Ten Years

Function/Program	Full-time Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Board of Commissioners	11.0	11.0	12.0	12.0	12.0	11.0	11.0	10.0	10.0	10.0
Circuit Court	12.0	8.0	8.0	6.4	11.6	6.4	8.6	6.4	6.4	5.6
District Court	45.0	46.0	45.0	47.0	45.2	48.0	48.0	48.0	48.0	48.0
Probate/Family Court	23.0	29.0	31.0	33.6	25.4	30.6	28.4	29.6	28.6	29.4
Administrator/CFO	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	5.5	6.2	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
County Clerk	19.0	21.0	22.0	22.0	22.0	23.0	23.0	19.0	19.0	19.9
Register of Deeds	-	-	-	-	-	-	-	3.0	3.0	3.0
Equalization	7.0	7.0	7.0	7.0	7.0	8.0	7.0	6.0	6.0	5.6
Human Resources	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Prosecuting Attorney	20.0	21.0	21.0	23.0	21.0	22.0	22.0	22.0	22.0	21.0
Retirement Board	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Treasurer	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	6.0	6.0
County Extension	7.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
Information Services	4.5	2.0	3.5	5.5	4.5	7.5	7.5	6.5	6.5	5.5
Purchasing & Property Maintenance	19.0	20.8	19.0	18.0	19.0	19.0	19.0	18.0	19.0	16.0
Drain Commissioner	11.0	12.0	12.0	12.0	13.0	6.0	6.0	8.0	8.0	7.0
Parks maintenance	-	-	-	-	-	6.0	6.0	3.0	3.0	3.0
Friend of the Court	35.0	38.0	39.0	39.0	39.0	39.0	39.0	36.0	37.0	36.0
Public Safety										
Sheriff	101.0	101.0	100.0	102.0	110.0	110.0	108.0	106.0	113.0	111.0
Emergency Management	3.0	3.5	3.5	3.5	2.5	3.5	3.0	2.0	3.0	3.0
Animal Control	8.0	6.0	6.0	6.0	5.0	6.0	6.0	5.0	5.0	5.0
Jail/Corrections	44.0	53.0	91.0	99.0	95.0	95.0	97.0	98.0	89.0	88.0
Central Dispatch	18.0	18.0	24.0	25.0	25.0	25.0	25.0	24.0	24.0	24.0
Drug Court	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Juvenile Justice Programs	-	-	-	-	1.0	2.0	2.0	2.0	2.0	2.0
Youth Center	36.0	36.0	36.0	36.0	37.0	39.0	36.0	34.7	35.0	35.7
Health and Welfare										
Medical Examiner	1.1	1.1	0.9	0.1	1.0	0.1	0.1	0.1	0.1	0.1
Commission on Aging	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	1.0	1.0
Veterans Services	2.0	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0
Public Health	45.4	45.4	42.7	40.8	41.4	35.0	33.8	30.3	26.6	25.4
Environmental Health	13.0	13.0	13.0	13.0	11.0	11.4	9.9	8.4	10.0	10.0
Fairview	10.0	10.0	10.0	10.0	10.0	10.0	10.0	8.7	9.3	8.7
Community and Economic Development										
Planning	7.9	7.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.0
Recreation and Cultural										
Historical Commission	6.0	6.0	6.0	6.0	6.0	6.0	6.0	4.7	4.7	4.3
Enterprise Activities										
Printing	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.0
Engineering	1.0	1.0	1.0	1.0	-	1.0	1.0	1.0	1.0	1.0
Total	<u>531.4</u>	<u>546.4</u>	<u>590.1</u>	<u>604.5</u>	<u>601.2</u>	<u>607.0</u>	<u>599.3</u>	<u>575.3</u>	<u>572.3</u>	<u>559.2</u>

Source: Monroe County Finance Department

MONROE COUNTY
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
District Court cases	41,656	38,107	39,007	42,679	41,673	48,745	47,738	45,050	48,247	NA
Circuit Court cases	4,978	4,995	5,308	5,587	5,536	5,103	4,944	5,115	3,452	NA
Delinquent tax roll/ taxes returned delinquent	\$ 838,533	\$ 894,150	\$ 971,848	\$ 986,761	\$ 1,081,480	\$ 1,055,116	\$ 1,167,505	\$ 1,296,551	\$ 1,432,657	\$ 1,410,014
Public Safety										
Jail capacity	126	184	184	363	363	363	363	363	363	343
Certified Police Officers	73	75	93	93	93	93	93	93	93	96
Traffic infractions	30,170	26,317	25,374	30,623	29,195	35,262	32,990	31,371	32,338	NA
Health										
Public Health:										
Vaccines administered	21,261	22,241	21,155	19,700	22,164	16,554	15,883	11,739	9,057	8,533
WIC average monthly caseload	2,833	2,833	2,682	NA	2,661	2,661	2,709	3,053	3,080	3,071
Maternal and Infant support clients	318	293	174	217	196	275	283	298	262	259
Senior Services:										
Annual client contacts	NA	NA	NA	NA	NA	NA	NA	75,721	90,619	68,533
Culture & Recreation										
County owned park acres	323	323	323	323	323	323	323	323	323	323

NA - information not available at time of report preparation

Source: Monroe County Finance Department, Monroe County Treasurer's Office, Monroe County Health Department, Monroe County Commission on Aging

MONROE COUNTY
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Corrections facility capacities	126	184	184	363	363	363	363	363	363	343
Sheriff Patrol Vehicles	48	49	51	61	61	61	61	61	63	90
Animal Control vehicles	8	8	7	7	8	10	10	7	7	5
Marine Safety - Boats	4	4	4	4	4	4	4	4	4	4
Parks and recreation										
Park acreage	323	323	323	323	323	323	323	323	323	323
County parks	5	5	5	5	6	6	6	6	6	6
Service vehicles (trucks etc)	7	7	7	8	7	7	7	7	7	6
Buildings:										
Park Pavilions	10	10	10	10	10	10	10	10	10	12
Historical Commission Buildings	5	5	5	5	5	5	5	5	5	5
Public Health										
Inspection vehicles	4	4	4	4	4	4	4	5	6	6
Public Works										
Primary Road Miles	429	429	429	429	429	429	429	429	429	429
Local Road Miles	933	933	933	933	933	933	933	933	933	933
State Road Miles	165	165	165	165	165	165	165	165	165	165

Source: Monroe County Finance Department

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**COUNTY OF MONROE,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2006



REHMANN ROBSON

Certified Public Accountants

COUNTY OF MONROE, MICHIGAN SINGLE AUDIT

Table of Contents

Year Ended December 31, 2006

	<u>PAGE</u>
Schedule of Expenditures of Federal Awards	1-3
Notes to Schedule of Expenditures of Federal Awards	4
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5-6
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	7-9
Schedule of Findings and Questioned Costs	10-12

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COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program -			
U.S.D.A. Food Distribution - Entitlement Commodities	10.550	-n/a-	\$ 605
Passed-through the Michigan Department of Education:			
School Breakfast Program	10.553	58-000-8001	14,323
National School Lunch Program	10.555	58-000-8001	21,936
Passed-through the Michigan Department of Community Health			
Women, Infants and Children:			
2005/2006	10.557	20070345	280,088
2006/2007	10.557	20060110	90,810
Passed-through the Michigan Department of Labor and Economic			
Growth and Southeast Michigan Community Alliance -			
State Administration Matching Grants for Food Stamp Program:			
Jan to Sept 06	10.561	04-02-0004	48,986
Oct to Dec 06	10.561	04-02-0004	14,091
Passed-through the Michigan Department of Natural Resources -			
Cooperative Forestry Assistance - Emerald Ash Borer	10.664	EAB 05-18	2,000
Passed-through the Farm Service Agency -			
Conservation Reserve Program	10.069	0286	4,908
Total U.S. Department of Agriculture			477,747
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Michigan State Housing Development Authority -			
Community Development Block Grant/State's Program	14.228	MSC-2005-0780-HOA	245,509
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-0007	21,164
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-DJ-BX-0333	17,407
Local Law Enforcement Block Grant -			
FY 2004 Local Law Enforcement Block Grant	16.592	2004-LB-BX-1182	9,807
Bulletproof Vest Partnership Program Zylon Replacement	16.607	-n/a-	4,988
Public Safety Partnership and Community Policing Grant:			
COPS Secure our Schools	16.710	2006CKWX0639	5,178
COPS in Schools Program	16.710	2002SHWX0353	10,347
Passed-through Michigan Office of Drug Control Policy -			
Edward Byrne Memorial Justice Assistance Grant	16.738	ODCP 72305-1-07-B	7,500
Passed-through the Michigan Department of Human Services			
Juvenile Accountability Incentive Block Grant:			
2006/2007	16.523	JAIBG-06-58001	9,121
2005/2006	16.523	JAIBG-05-58001	8,730
Juvenile Justice and Delinquency Prevention:			
Active Balanced Community Initiative	16.540	JJBR 05-58001-2	81,701
Active Balanced Community Initiative	16.540	JJBR 05-58001-3	2,981
Total U.S. Department of Justice			178,924

continued...

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF LABOR			
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance:			
Employment Service:			
2005/2006	17.207	05-02-0004	\$ 126,471
2006/2007	17.207	06-02-0004	83,563
Employment Service - Reemployment/Profiling -			
2005/2006	17.207	05-02-0004	16,807
Employment Service - TAA/NAFTA:			
2005/2006	17.207	05-02-0004	587
2006/2007	17.207	06-02-0004	5,824
WIA Adult Program:			
2005/2006	17.258	05-02-0004	117,972
2006/2007	17.258	06-02-0004	88,616
WIA Adult Core Program -			
2006/2007	17.258	06-02-0004	15,483
WIA Dislocated Worker Program:			
2005/2006	17.260	05-02-0004	151,142
2006/2007	17.260	06-02-0004	183,966
WIA Dislocated Worker Core Program -			
2005/2006	17.260	05-02-0004	25,000
Total U.S. Department of Labor			815,431
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through Michigan Office of Highway Safety Planning -			
State and Community Highway Safety:			
Intersection Enforcement Grant	20.600	RS-06-06	32,249
Traffic Enforcement Vehicle	20.600	AL-06-07	9,087
Enforcement Grant (Drive Michigan Safely)	20.600	PT-06-12	40,446
Enforcement Grant (Drive Michigan Safely)	20.600	PT-07-12	7,239
Total U.S. Department of Transportation			89,021
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan Department of Environmental Quality:			
Beach Monitoring	66.472	-n/a-	4,109
Arsenic Rule Implementation	66.468	-n/a-	638
Operators of Small Water Systems Certification and Training	66.471	-n/a-	4,575
Clean Sweep	66.801	-n/a-	2,870
Total U.S. Environmental Protection Agency			12,192
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through the Michigan Department of Human Services			
Child Support Enforcement:			
Title IV Incentive Payments	93.563	-n/a-	283,562
Friend of the Court/Prosecutor combined:			
2006/2007	93.563	CS/COM-07-58003	427,549
2005/2006	93.563	CS/COM-06-58003	1,192,924
Foster Care Title IV E:			
2005/2006	93.658	PROFC 06-58001	8,497
2006/2007	93.658	PROFC 07-58001	4,023
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance (SEMCA) -			
Temporary Assistance for Needy Families:			
Work First Program			
Jan to Sept 06	93.558	04-02-0004	556,564
Oct to Dec 06	93.558	04-02-0004	178,004
Reed Act			
Jan to Sept 06	93.558	04-02-0004	20,971
Oct to Dec 06	93.558	04-02-0004	25,273

continued...

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)			
Passed-through the Michigan Department of Community Health:			
Family Planning Services:			
2006/2007	93.217	20070345	\$ 17,437
2005/2006	93.217	20060110	63,426
Immunization Grants:			
Federally supplied vaccines	93.268	na	523,064
VFC, AFIX and Nurse Training	93.268	20060110	4,000
VFC, AFIX and Nurse Training	93.268	20070345	950
Immunization Assessment:			
2006/2007	93.268	20070345	14,013
2005/2006	93.268	20060110	42,016
Center for Disease Control & Prevention - Investigations and Technical Assistance:			
2006/2007 - General Bio Terror Grant	93.283	20070345	38,682
2005/2006 - General Bio Terror Grant	93.283	20060110	158,312
2006/2007 - Pandemic Flu Award	93.283	20070345	16,386
2005/2006 - Pandemic Flu Award	93.283	20060110	28,445
Medical Assistance Program:			
CSHCS Case Management Services:			
2006/2007	93.778	20070345	4,513
2005/2006	93.778	20060110	13,335
CSHCS Care Coordination:			
2006/2007	93.778	20070345	5,062
2005/2006	93.778	20060110	23,959
Medicaid outreach:			
2006/2007	93.778	20070345	13,382
2005/2006	93.778	20060110	62,434
HIV Prevention Activities - Health Department Based:			
2006/2007	93.940	20070345	366
2005/2006	93.940	20060110	3,031
Maternal and Child Health Services Block Grant:			
Local Maternal and Child Health:			
2006/2007	93.994	20070345	16,182
2005/2006	93.994	20060110	48,548
Family Planning/Pregnancy Prevention:			
2006/2007	93.994	20070345	4,313
2005/2006	93.994	20060110	12,769
CSHCS Case Management Services:			
2006/2007	93.994	20070345	2,855
2005/2006	93.994	20060110	8,769
Total U.S. Department of Health and Human Services			<u>3,823,616</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Michigan Department of State Police -			
State Domestic Preparedness Equipment Support Program:			
2005 State Homeland Security Program	97.067	-n/a-	343,379
2005 State Homeland Security Program - Law Enforcement Terrorism Prevention	97.067	n/a	108,882
2004 State Homeland Security Program	97.067	-n/a-	258,723
2004 State Homeland Security Program - Law Enforcement Terrorism Prevention	97.067	-n/a-	197,236
Buffer Zone Protection Program	97.078	n/a	50,000
Emergency Management Performance Grants	97.042	n/a	24,178
Passed Through Michigan Department of Natural Resources -			
Boating Safety Financial Assistance	97.012	n/a	10,000
Total U.S. Department of Homeland Security			<u>992,398</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,634,838</u>

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Monroe, Michigan (the "County") and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The County of Monroe, Michigan's reporting entity is defined in Note A of the County's financial statements. The County of Monroe, Michigan's financial statements include the operations of the Monroe Community Mental Health Authority discretely presented component unit, which received federal awards of \$331,219, that are not included in the Schedule for the year ended December 31, 2006. Our audit did not include the operations of the Monroe County Community Mental Health Authority discretely presented component unit because that entity engaged other auditors to perform its audit in accordance with OMB Circular A-133, as applicable in the circumstances.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

May 30, 2007

To the Board of Commissioners
of the County of Monroe
Monroe, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Monroe, Michigan***, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 30, 2007. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency that collectively represent 88.7% of the assets and 96.7% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Monroe County Road Commission and Monroe County Library System were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Monroe, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Our report and the reports of other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

 an independent member of
BAKER TILLY
INTERNATIONAL

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

May 30, 2007

To the Board of Commissioners
of the County of Monroe
Monroe, Michigan

Compliance

We have audited the compliance of the *County of Monroe, Michigan* with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The reporting entity is defined in Note A of the County's financial statements. The County's financial statements include the operations of the Monroe County Community Mental Health Authority discretely presented component unit, which received federal awards of \$331,219, that are not included in the Schedule for the year ended December 31, 2006. Our audit, as described below, did not include the operations of the Monroe County Community Mental Health Authority discretely presented component unit because that entity engaged other auditors to perform its audit in accordance with OMB Circular A-133, as applicable in the circumstances.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County of Monroe, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2006-1.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Monroe, Michigan's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County of Monroe, Michigan's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of Monroe, Michigan's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Monroe, Michigan as of and for the year ended December 31, 2006, and have issued our report thereon dated May 30, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Monroe, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial statements of the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency that collectively represent 85.7% of the assets and 96.7% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency, is based solely on the reports of the other auditors.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified not
considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified not
considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

X yes _____ no

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.268	Immunization Grants
93.563	Child Support Enforcement

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2006-1 Allocation and Certification of Payroll Expenditures

Condition. During the year ended December 31, 2006, the Health Department allocated payroll charges to federal programs, including the Immunization Grants, based on pre-determined percentages as established by management. These percentages have remained unchanged for several years and do not specifically coincide with particular pay periods. It appears the County is not allocating wages and salaries in a manner consistent with federal guidelines.

Criteria. Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports, except when a substitute system has been approved by the cognizant Federal agency.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2006

Cause. This condition appears to be the result of (1) past practice not having been previously questioned by the pass-through entity, and (2) lack of specific knowledge and understanding of the payroll allocation methods allowed by federal guidelines.

Effect. This condition increases the risk that the County will report an incorrect amount for expenditures related to the grants administered by these departments.

Recommendation. The County should implement a new payroll allocation method for the Health Department that is consistent with federal guidelines. Employees should track on their timesheets the number of hours spent working for each federal program. The timesheets should be signed by the employee and a supervisor who had direct knowledge of the employee's work schedule. Using the information from the timesheets, salaries and wages could be allocated to the various federal programs and tracked through the accounting system which is already well established.

County's Response. The County has determined that its current Health Department payroll allocation method is not consistent with federal guidelines and had already begun the process of implementing a new system that is consistent with federal guidelines that will be in effect for the 2007 fiscal year.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



May 30, 2007

To the Board of Commissioners of the
Monroe County
Monroe, Michigan

We have audited the financial statements of Monroe County for the year ended December 31, 2006, and have issued our report thereon dated May 30, 2007. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency. Those financial statements were audited by other auditors whose reports were furnished to us. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated February 15, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Monroe County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Monroe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Monroe County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Monroe County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Monroe County's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Monroe County are described in Note 1 to the financial statements.

In 2006, the County adopted Statements of Governmental Accounting Standards (GASB Statements) No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The effect of implementing this new standard did not result in the restatement of beginning net assets or fund balances; the primary impact was on financial statement disclosures in the County's comprehensive annual financial report and, because actual plan contributions for 2006 exceeded the actuarial required contribution, recording an OPEB asset of approximately \$1.2 million in the governmental activities of the government-wide financial statements.

We noted no transactions entered into by Monroe County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable fixed assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Monroe County's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Monroe County, either individually or in the aggregate, indicate matters that could have a significant effect on Monroe County's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Monroe County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter is intended for the use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

MONROE COUNTY, MICHIGAN**Comments and Recommendations****For the Year Ended December 31, 2006**

In planning and performing our audit of the financial statements of Monroe County as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses, as defined above.

Other matters that we noted, including control deficiencies, are described below.

Discrete Component Unit Audit Reports

Condition. Four of the County's five discrete component units (Road Commission, Community Mental Health Authority, Library System and County Agency) are audited by other auditors. Completion and issuance of the County's comprehensive annual financial report is dependent upon the issuance of those separate reports since information from them is required to be included in the County's report. For the 2006 audit, the County waited nearly two months from the point its audit fieldwork was completed to receive the last of the four component unit reports. In addition to the issue of timing, certain of the discrete component unit reports did not contain all of the GAAP required disclosures (for example, under GAAP accumulated depreciation must be reported separately for each major class of depreciable capital assets rather than just in total).

Criteria. The annual audit and issuance of the comprehensive annual financial report is a process involving a great deal of time and commitment by the County and its discrete component units. It is in everyone's interest to have an efficient, coordinated approach to minimize the disruption to daily operations.

Cause. Management at certain of the discrete component units, in coordination with their auditors, have resisted taking the action necessary to complete and issue their audit reports on timely basis that would match the audit schedule followed by the County, which is quite reasonable.

MONROE COUNTY, MICHIGAN**Comments and Recommendations (Continued)****For the Year Ended December 31, 2006**

Effect. The completion and issuance of the County's comprehensive annual financial report is unnecessarily delayed by the actions (or inactions) of the discrete component units. Also, the continued receipt of the GFOA Certificate of Excellence could be impacted if the required disclosure information is not provided.

Recommendation. The County should meet with management from each of the four discrete component units audited by other auditors and reach agreement on an audit plan that can and will be adhered to by each entity. Also, the County should provide management of the discrete component units with a list of the required disclosure information that they will need to ensure is included in future reports (we can furnish the County with this list).

County Response. The County will meet with management from each of the four discrete component units audited in order to emphasize the importance of obtaining timely audits in the future and to reach agreement on an audit plan that can and will be adhered to by each entity. Also, the County will provide management of the discrete component units with a list of the required disclosure information that they will need to ensure is included in future reports. Rehmann Robson will furnish the County with the list of the required disclosure information in order to ensure inclusion in future reports.

General Journal Entry Approvals

Condition. Currently, the County has a review and approval process for general journal entries in amounts that exceed \$25,000. Similar procedures are not required for entries in lesser amounts.

Criteria. It is universally recognized that general journal entries provide a mechanism through which fraud can be concealed. Although we have no suspicions of fraudulent activity being thusly concealed, we believe internal control can be strengthened by extending the review and approval process to all general journal entries.

Cause. County management had previously determined that the \$25,000 level was reasonable when taking cost/benefit into consideration.

Effect. Frauds in amounts less than \$25,000 (which the County would nonetheless probably consider material) could occur and be concealed by general journal entries not subject to a review and approval process.

Recommendation. We recommend that County management reevaluate its policy relative to the review and approval of general journal entries with an eye towards significantly reducing the dollar value level or simply including all such entries in the review and approval process.

County Response. The County Administrator/Chief Financial Officer and the Finance Director have implemented a plan to review and approve a process to reduce the dollar value level for approval of journal entries to \$10,000 from the current \$25,000 amount. This revised policy will take effect immediately

MONROE COUNTY, MICHIGAN
Comments and Recommendations (Concluded)
For the Year Ended December 31, 2006

Documenting Review and Approval of Bank Reconciliations

Condition. The County is diligent in completing its bank reconciliations on a timely basis and having those reconciliations reviewed by an independent person. However, neither the preparer nor reviewer of the bank reconciliations initial and date these schedules to document who and when these internal control procedures were performed.

Criteria. Effective internal control procedures provide a clear evidence trail of who performed what procedure and when.

Cause. Probably this has never been presented as an issue or enhancement opportunity in the past.

Effect. For the review process, it can certainly be argued that it never happened if there is no proof.

Recommendation. The preparer and reviewer of each monthly bank reconciliation should initial and date the document.

County Response. The preparer began initialing and dating the reconciled statements effective January, 2007. Statements are randomly reviewed each month by a senior employee. That employee also initials and dates the statement.

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